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# SIXTH ANNUAL REPORT TO CONGRESS ON THE POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE PROGRAM

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## AN ANNUAL JOINT REPORT

PREPARED BY THE

## VETERANS' ADMINISTRATION

AND THE

## DEPARTMENT OF DEFENSE

(Pursuant to Section 1642 of Title 38, United States Code)

SUBMITTED TO THE

## COMMITTEE ON VETERANS' AFFAIRS U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1984

Printed for the use of the Committee on Veterans' Affairs

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TITLE 38 - UNITED STATES CODE

PART III - READJUSTMENT AND RELATED BENEFITS

CHAPTER 32 - POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

Subchapter IV - Administration

§ 1642. Reporting Requirements

The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

JUNE 1 1983

Honorable G. V. (Sonny) Montgomery
Chairman
Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

We are pleased to furnish you with Section one of the sixth annual report describing our administration of the Post-Vietnam Era Veterans' Educational Assistance Program. This report is required by section 1642 of title 38, United States Code, which asks that the Administrator of Veterans' Affairs and the Secretary of Defense submit to your committee a report detailing the operations of the program each year. Section two will be submitted separately by the Department of Defense and will deal with the operation of the program within that Department.

Sincerely,

Everett Alvarez Jr.

HARRY N. WALTERS
Administrator

Enclosure

## CHAPTER 32

## INTRODUCTION

The Post-Vietnam Era Veterans' Educational Assistance Act of 1977 enacted under Title IV of Public Law 94-502 established a contributory educational assistance program under chapter 32 of Title 38, United States Code. It is the purpose of this chapter (1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist young men and women in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces. Eligibility for participation in the chapter 32 program is extended to active duty personel in the Department of Defense, as well as to active duty personnel in the U.S. Coast Guard, the U.S. Public Health Service, and the National Oceanic and Atmospheric Administration.

This report is in response to requirements specified in Title 38, United States Code, Section 1642, that a report be submitted annually to the Committees on Veterans' Affairs of the Senate and House of Representatives. Section one of this sixth annual report describes the operation of the chapter 32 program within the Veterans Administration.

## 1.1 PROGRAM REGULATIONS AND OPERATING PROCEDURES

### A. REGULATIONS

During 1982, the Veterans Administration made several amendments to the 38 CFR 21.5000 series of regulations for chapter 32 administration.

38 CFR 21.5021 Amended to include as participants those who are participating in the Educational Assistant Pilot program and those who make lump-sum contributions to the fund. Definitions of "spouse", "surviving spouse", "child", and "parent" were also included in this regulation.

38 CFR 21.5022 Amended to limit the total number of months of entitlement to 48 except for those individuals who exceeded 48 months of entitlement prior to October 1, 1980 (e.g. those eligible under chapters 32 and 35).

38 CFR 21.5023 Amended to state that the Public Health Service is now part of the Department of Health and Human Services.

38 CFR 21.5040 Amended to (1) provide that an individual cannot have basic eligibility under both chapters 32 and 34, (2) state that an individual who initially enlists after September 7, 1980 generally must have completed 2 years of the initial obligation before basic eligibility for VEAP exists, and (3) cancel PREP.

38 CFR 21.5052 Amended to allow lump sum contributions to the fund and to state that a person who makes a lump-sum contribution does not have to participate for 12 consecutive months. A lump-sum payment, combined with all previous monthly allotments, must be equivalent to at least 12 months contributions. The minimum and maximum monthly contributions were also changed.

| | |
|---|---|
| 38 CFR 21.5054 | Amended to eliminate a reference to PREP and to eliminate a reference to VEAP ending December 31, 1981. |
| 38 CFR 21.5058 | Amended to permit an individual to repurchase entitlement by tendering previously refunded contributions. |
| 38 CFR 21.5067 | Amended to provide a reordering of persons eligible to receive an individual's contributions if he or she dies. |
| 38 CFR 21.5071 | Reorganized so that subparagraph (A) states how to calculate entitlement based on monthly contributions, subparagraph (B) states how to calculate entitlement based on lump-sum contributions, and subparagraph (C) states how to calculate entitlement based on both monthly and lump-sum contributions. |
| 38 CFR 21.5072 | Amended to eliminate a reference to PREP and to show that entitlement charges are somewhat different for some incarcerated individuals. |
| 38 CFR 21.5100 | Amended to indicate that there is no longer any required counseling for individuals under chapter 32 but that counseling is available upon request. |
| 38 CFR 21.5103 | Amended because the law does not permit the VA to pay for travel expenses connnected with requested counseling. |
| 38 CFR 21.5132 and 21.5134 | Amended to eliminate references to PREP. |
| 38 CFR 21.5135 | Amended to update a legal citation concerning the handling of advance payment checks and to allow advance payments after a 30 day break as opposed to a full calendar month break. |
| 38 CFR 21.5136 | Rewritten because PREP is canceled and to state the monthly rates and methods of payment to individuals enrolled in a course leading to a secondary school diploma or an equivalency certificate. |

38 CFR 21.5137 Added to provide restrictions on payments for flight training.

38 CFR 21.5138 Amended to show that it does not apply to some individuals enrolled in a course leading to a secondary school diploma or equivalency certificate and to some individuals who are incarcerated.

38 CFR 21.5139 Added to show how payments to incarcerated individuals will be made.

38 CFR 21.5270 Added because PL 96-342 established a new Educational Assistance Pilot program. This paragraph states in general terms the provisions of the program.

38 CFR 21.5292 Added to state in detail the portion of the pilot program which allows the Secretary of Defense to make monthly contributions to the fund.

38 CFR 21.5294 Added to state the portion of the fund which allows selected individuals to transfer their entitlement to certain dependents.

B. OPERATING PROCEDURES

The Veterans Administration has the responsibility for the administration of educational assistance benefits under Chapter 32, Title 38, United States Code. Applications for benefits are processed by the VA regional office having jurisdiction over the area where training is given, except for correspondence training, when it may be processed by the regional office having jurisdiction over the area where the veteran is living. The Adjudication Division at the regional office determines eligibility and processes awards and disallowances.

During 1982, the workload of the Payment Processing Unit (PPU) at the Data Processing Center, Hines, Illinois, was greatly reduced as a direct result of

the successful award processing of Chapter 32 claims on the Target system. As reported last year, there were approximately 1,500 chapter 32 records being maintained on the Four-Phase (satellite) computer system at the PPU as of 12-31-81. During 1982, approximately 1,000 of those records were converted to the Target system. As of 12-31-82, there were 512 chapter 32 records remaining on the Four-Phase system. Of those 512 records, only 109 are currently receiving benefit payments monthly. The PPU continues to handle any claims that cannot be processed on the Target system for one reason or another, in-service refunds, resolution of processing problems, as well as attempting to convert all remaining Four-Phase records to Target.

Also during 1982, the VA established procedures to implement a new education program that was established by the DOD Authorization Act of 1981 (PL 96-342). This new program is totally funded by the DOD and administered by the VA. Benefits for this program are paid as in chapter 32; however, the individual service departments make the monthly contributions to a chapter 32 banking account on behalf of the serviceperson. The program is entitled the "Noncontributory VEAP - Educational Assistance Pilot Program (Section 903, PL 96-342)". The program will be administered at the PPU and on the Target system. There were no active trainees receiving benefits under Section 903 during 1982.

An agreement between the VA and DoD on the administration of this program is in the final stages of approval.

The primary operating instructions for VEAP are contained in DVB Circular 20-77-25. Changes and appendices to this circular and other operating procedures which were issued during 1982 are included in the Appendix to this report. They are:

| | |
|---|---|
| January 27, 1982 | Chapter 32 Target Processing (DVB Circular 20-82-1 and Appendices A-E) |
| February 11, 1982 | Processing of Chapter 32 Fiscal Transactions (DVB Circular 20-82-3) |
| April 20, 1982 | Processing of Returned Checks in the Chapter 32 Target System |
| May 10, 1982 | Procedures for Regional Office Administration of Chapter 32 Accounts Receivable (DVB Circular 20-82-19) |
| May 11, 1982 | Chapter 32 Processing Finance Procedures (DVB Circular 20-77-25, Appendix A, Revised) |
| May 11, 1982 | Chapter 32 Service Department Contacts (Change 11 to DVB Circular 20-77-25, Appendix J) |
| August 3, 1982 | Noncontributory VEAP - Educational Assistance Pilot Program (DVB Circular 20-77-25, Appendix K) |
| August 10, 1982 | Chapter 32 Service Department Contacts (Change 12 to DVB Circular 20-77-25, Appendix J) |
| August 17, 1982 | Chapter 32 Adjudication Procedures (Change 13 to DVB Circular 20-77-25, Appendix C, Revised) |

## 1.2 NEW LEGISLATION

### A. PUBLIC LAW 97-306

Public Law 97-306, the Veterans' Compensation, Education, and Employment Amendments of 1982, Sections 207, 209, and 210, provide: (1) different criteria under which the Administrator may suspend educational assistance in certain cases; (2) that any amount transferred to the Administrator from the Secretary of a military department under an interagency agreement for the administration by the Veterans Administration of an educational assistance program established by the Secretary under chapter 107 of title 10 may be deposited into and disbursed from the fund for the purposes of such program; and that (3) $100 per

month shall be considered to have been made by monthly deductions when eligibility to VEAP is established by lump-sum contributions.

B. PUBLIC LAW 97-295

Public Law 97-295, Amendments to Titles 10, 14, 37, and 38, United States Codes, provided a technical amendment to section 1642 of title 38, USC. It is now required that the annual report of chapter 32 activities during the preceding year be submitted to the House and Senate Committees on Veterans' Affairs by January 15 of each year.

## 1.3 MAINTENANCE OF THE FUND

BANKING SYSTEM

The data that follow were obtained from the chapter 32 Banking System to determine the participation rate and amounts of contributions for Fiscal Year 1982 and for the total chapter 32 program since its inception on January 1, 1977.

30-636 O - 84 - 2

CHAPTER 32 PARTICIPANT/DISENROLLMENT REFUND DATA THROUGH FISCAL YEAR 1982

| | PARTICIPANTS | | TOTAL CONTRIBUTIONS | | AMOUNTS OF REFUNDS PAID | |
|---|---|---|---|---|---|---|
| | FY 1982 | TOTAL PROGRAM | FY 1982 | TOTAL PROGRAM | FY 1982 | TOTAL PROGRAM |
| ARMY | 62,398 | 274,852 | $67,851,585 | $258,139,164 | $42,993,134 | $110,236,178 |
| NAVY | 25,278 | 120,477 | 33,060,229 | 127,923,599 | 21,364,795 | 50,636,988 |
| MARINE CORPS | 21,851 | 77,892 | 24,945,980 | 69,664,060 | 13,737,718 | 23,092,870 |
| COAST GUARD | 1,128 | 5,595 | 2,308,090 | 7,664,645 | 1,102,564 | 2,072,660 |
| PUBLIC HEALTH SERVICE | 174 | 1,231 | 543,710 | 1,887,115 | 111,925 | 258,952 |
| AIR FORCE | 6,606 | 34,347 | 13,809,140 | 44,747,280 | 6,568,560 | 12,227,030 |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION | 21 | 62 | 18,380 | 63,625 | 4,300 | 8,775 |
| TOTALS | 117,456 | 514,446 | $142,537,114 | $510,089,528 | $85,882,996 | $198,533,453 |

## 1.4 CHAPTER 32 TRAINEES BY STATE DURING FISCAL YEAR 1982

| | | | | | |
|---|---|---|---|---|---|
| ALABAMA | 367 | MAINE | 117 | OREGON | 326 |
| ALASKA | 56 | MARYLAND | 573 | PENNSYLVANIA | 1,045 |
| ARIZONA | 515 | MASSACHUSETTS | 734 | RHODE ISLAND | 122 |
| ARKANSAS | 129 | MICHIGAN | 748 | SOUTH CAROLINA | 306 |
| CALIFORNIA | 2,736 | MINNESOTA | 714 | SOUTH DAKOTA | 83 |
| COLORADO | 444 | MISSISSIPPI | 163 | TENNESSEE | 396 |
| CONNECTICUT | 266 | MISSOURI | 431 | TEXAS | 1,424 |
| DELAWARE | 63 | MONTANA | 117 | UTAH | 125 |
| DISTRICT OF COLUMBIA | 133 | NEBRASKA | 195 | VERMONT | 47 |
| FLORIDA | 1,395 | NEVADA | 65 | WASHINGTON | 509 |
| GEORGIA | 461 | NEW HAMPSHIRE | 106 | WEST VIRGINIA | 107 |
| IDAHO | 124 | NEW JERSEY | 500 | WISCONSIN | 430 |
| ILLINOIS | 994 | NEW MEXICO | 253 | WYOMING | 60 |
| INDIANA | 397 | NEW YORK | 1,635 | PHILLIPPINES | 4 |
| IOWA | 210 | NORTH CAROLIN | 520 | PUERTO RICO | 381 |
| KANSAS | 217 | NORTH DAKOTA | 131 | HAWAII | 168 |
| KENTUCKY | 274 | OHIO | 941 | OTHER FOREIGN | 54 |
| LOUISIANA | 262 | OKLAHOMA | 311 | | |

TOTAL TRAINEES DURING FISCAL YEAR 1982 EQUALS 23, 517

## 1.5 PAYMENT DATA

### EDUCATION BENEFITS PAID - FY 82

| CHAPTER | $ OBLIGATION |
|---|---|
| 31 | 116,284,000 |
| 32 * | 21,657,000 ** |
| 34 | 1,649,877,000 |
| 35 | 196,626,000 |

* $ 21,657,000 to those in training
85,882,996 to those who disenrolled
107,539,996 total funds paid

** Includes $3,687,000 from VA during period 10/1/81 to 12/31/81. Balance from DOD, 1/1/82 to 9/30/82.

APPENDIX

VETERANS ADMINISTRATION DOCUMENTATION

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 22-82-1

January 27, 1982

CHAPTER 32 TARGET PROCESSING

1. Purpose. This circular and its appendixes provide a description of the chapter 32 Target System. Detailed instructions for using the available chapter 32 Target functions are also provided. Restrictions on Target usage are included.

2. Background

a. On November 25, 1981, the second phase of chapter 32 Target processing was installed. This installation expands chapter 32 Target processing to include supplemental awards and various other functions which are explained below. There are still to be some restrictions on Target usage, but this new capability will allow a significant majority of all chapter 32 processing to be done on Target.

b. Prior to this second phase installation, all chapter 32 benefit records were being stored at the Hines PPU (Payment Processing Unit). After this installation, all chapter 32 awards which are processed on Target will be stored in the Target System. The permanent storage location of these chapter 32 master records is the Target Central System at the Hines Data Processing Center and most of the chapter 32 records which had been kept at the PPU before this installation will be moved into this system. The storage of records at the Target Central System will allow Master Record Inquiry processing of those records as well as supplemental award processing capability.

3. The Chapter 32 System. The chapter 32 Target system consists of three major parts.

a. Regional Office Processing. Material is submitted to the Target system from each regional office. This will be done primarily through use of the screen processing functions, but it also includes fiscal transactions which will be submitted by magnetic diskette, and card submission for required certification. Transactions entered at regional offices are processed at the Target Central System.

b. Target Central System. This is the permanent storage area for chapter 32 records. The chapter 32 Target Central System is a different computer system from the one on which chapter 34/35 and C&P records are kept. Chapter 32 records are initially created based on information submitted from the military services. This is because participants must make dollar contributions before they are eligible to receive chapter 32 benefits. After a record is created it can be adjusted by receipt of information from the military services or by transactions sent from regional offices. Chapter 32 records are also adjusted by regular processing done by the Target Central System. For example, the Target Central System performs a monthly recurring payment process which sends out checks and re[illegible]red certification cards for running

awards, and this process adjusts the record's payment and entitlement information.

c. Bank Processing. The single factor that most clearly distinguishes chapter 32 processing from chapter 34/35 processing is the bank file. It represents an independent source of information that can affect a claimant's benefits. Information is sent by the military service departments monthly and it is used to update individual accounts on the bank file. Basically, the service departments submit monetary contributions for their chapter 32 participants. Since the contribution amounts may vary, they can affect award pay rates. Also, if a problem is encountered in bank file processing which causes an individual Contributions Account to go out of balance, then Target processing will be restricted until the out-of-balance condition is corrected.

4. Available Chapter 32 Target Commands. The Target commands being made available for chapter 32 are listed below:

a. Claims Establishment (CEST).

b. Pending Issue Establishment (PEST).

c. Claims Data Entry (CDAT).

d. Claims Adjudication (CADJ).

e. Claims Authorization (CAUT).

f. Master Inquiry (MINQ), include M21-M24 and M26-M29 screens.

g. Master Record Corrections (CORR).

h. Certification (CERT).

i. Stop Pay, Suspend Pay, Resume Pay (STOP-SUSP-RESU).

j. Pending Inquiry (PINQ).

k. Claims Status Inquiry (SINQ).

l. Cancel Pending Issue (PCAN).

m. Clear Pending Issue (PCLR).

n. Disposition (DISP).

o. Change of Address, Name or Fiduciary (CADD-CNAM-CFID).

p. Notice of Exception Processing (NOES).

All of these commands represent functions which already exist for chapter 34/35 processing. The chapter 32 system has been designed to resemble chapter 34/35 processing as much as possible. The PINQ, SINQ, PCAN, and DISP commands are unchanged for chapter 32 and are used in

the same way as for chapter 34/35 claims. The performance of the other commands, which involve entry of information to the chapter 32 system, varies slightly for chapter 32. More detailed instructions on the use of these other commands are given in the appendixes to this circular.

5. Limitations of Chapter 32 Target Processing. Awards which cannot be done on Target should be processed according to instructions in DVB Circular 20-77-25, appendix C, paragraph 18. The types of cases which cannot be done on Target are described below.

a. Correspondence awards cannot be done on Target.

b. Flight awards cannot be done on Target.

c. Awards for high school or elementary school training, for which the claimant has elected payment of tuition and fees only, cannot be done on Target.

d. Awards for claimants who have been assigned claim numbers other than their social security numbers cannot be done on Target.

e. Supplemental award for claimants who have previously been paid through the PPU, and whose record has not been moved into the Target System, cannot be done on Target. These claims can be identified by certain Target messages which are described below.

(1) If a chapter 32 Master Inquiry (MINQ) is done, and the Benefit Account did not convert to Target, then the M21-M24 screens will not be accessible. The M26-M29 screens will be accessible, and if benefits have been paid through the Hines PPU, then the following message will be displayed at the bottom of these screens: "CH32 BENEFITS HAVE BEEN PAID."

(2) If Target award processing is attempted (under CDAT or CADJ) on a chapter 32 Benefit Account which did not convert to Target, the Target System will display the following message: "VETERAN HAS REC'D INTERIM SYSTEM BENEFITS."

6. Chapter 32 Master Records. Chapter 32 records consist of two major parts; the Contributions Account and the Benefit Account.

a. Contributions Account. All of a chapter 32 claimant's financial contributions and related entitlement are stored in the Contributions Account. The Target System will allow display of the Contributions Account information through the MINQ command. The appropriate MINQ screens are M26-M29. Detailed descriptions of the information on the M26-M29 screens are given in DVB Circular 20-77-25, appendix H.

b. Benefit Account. A chapter 32 claimant's award information is contained in the Benefit Account. This includes a current address, all necessary statistical data, and training information that provides the basis for benefit payments. Although the chapter 32 benefit information is organized differently from chapter 34/35 master records, the basic information is quite similar. Important Benefit Account information can be obtained through the MINQ command on the M21-M24 screens.

(1) Award Line Storage. All chapter 32 records which contain benefit awards will have a "current" award segment. This current award segment will be the award line in which Date of Last Payment occurs.

EXAMPLE: An individual chapter 32 master record contains the following six award segments.

| | EFF DATE | EFF REM | END DATE | END REM | FACILITY CODE | COST CODE | CRSE CODE | MO RATE | TRNG TIME | HRS T-HO | DY WK | ADV PAY IND | TRNG TYPE | PARTIC PORTION |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 01-01-78 | 0X | 05-14-78 | 61 | 21333346 | 702 | 070 | 150.00 | 4 | 8-13 | -- | 1 | B | 50.00 |
| 2. | 09-03-78 | 60 | - - - | -- | 21333346 | 702 | 070 | 150.00 | 4 | 8-12 | -- | 0 | B | 50.00 |
| 3. | 12-01-78 | 70 | - - - | -- | 21333346 | 702 | 070 | 112.50 | 3 | 8-09 | -- | 0 | B | 37.50 |
| 4. | 01-21-79 | 70 | 05-16-79 | 61 | 21333346 | 702 | 070 | 75.00 | 2 | 8-06 | -- | 0 | B | 25.00 |
| 5. | 09-04-79 | 6X | - - - | -- | 31444446 | 701 | 031 | 150.00 | 4 | 8-15 | -- | 1 | A | 50.00 |
| 6. | 01-12-80 | 70 | 05-30-80 | 61 | 31444446 | 701 | 031 | 112.50 | 3 | 8-11 | -- | 0 | A | 37.50 |

If Date of Last Payment is November 1, 1979, then the "current" award segment is #5 (effective date is 9/4/79). If all of the award periods are paid out and terminated, Date of Last Payment would be May 30, 1980, and the "current" award segment would be #6 (effective date is 1/12/80). Award lines carrying earlier enrollment dates than the current award segment are stored in "prior" award segments.

(2) The chapter 32 system can store a maximum of 16 "prior" award segments. If a master record contains 16 "prior" award segments, and a new award processes for which a payment is due, then the incoming award line will be moved into the "current" award segment. In this instance, the "prior" award segment containing the earliest dates will be deleted from the master record. When an award segment is deleted, a Notice of Exception will be printed at the Target Central System and mailed to the regional office. A detailed description of this Notice of Exception is given in appendix D.

(3) The chapter 32 system can store up to 16 "future" award segments. If an award is processed which would create more than 16 "future" award segments, the Target Central System will reject the award action and generate a Notice of Exception. Upon receipt of such a Notice of Exception, Adjudication personnel should submit an adjusted award action which will not create excessive future award lines. If legitimate additional award periods require submission, then the case should be diaried and the additional award periods submitted at a later date.

(4) A chapter 32 record may contain a single award line in which the EFF DATE is equal to the NO PAY DATE. For example, a Target screen may show the following information:

| EFFECTIVE DATE | RSN | NO PAY DATE | RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|---|---|
| 09-09-79 | 00 | 09-09-79 | 64 | 225.00 | 4 | S-16 | | 4 | B | 75.00 |

This indicates that an award with an effective date of September 9, 1979, was processed, and at some later date that award was terminated from its effective date. The claimant did not attend school for that period. This type of award line will be kept only when it represents the claimant's first entry in the chapter 32 program. If any later master record award period is terminated on its EFF DATE, the award period will be deleted from the master record. Awards can be processed against this type of single award line record in the same way as any other Benefit Account.

7. Chapter 32 Processing. The chapter 32 system has been designed so that regional office processing is very similar to chapter 34/35 processing. The same Target commands are used, and in many instances identical screens are used. However, there are distinctions between the chapter 32 system and the chapter 34/35 system. The appendixes to this circular outline the chapter 32 Target functions and give detailed instructions where chapter 32 processing differs from chapter 34/35.

8. RESCISSION: DVB Circular 20-77-25, appendix I, dated February 10, 1981.

Dorothy L. Starbuck

DOROTHY L. STARBUCK
Chief Benefits Director

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CHAPTER 32 TARGET AWARD PROCESSING

1. General. The Target System may be used to enter Chapter 32 original and supplemental institutional awards. The screen processing sequence for Chapter 32 claims will be essentially the same for Chapter 34/35 processing. Regional office personnel will complete a series of Target screens, resulting in generation of an award transaction. This appendix provides instructions for completing the Chapter 32 Target award screens.

2. Processing Flow for Chapter 32 Awards. Chapter 32 claims are processed through Target in three basic stages. The stages vary slightly depending on whether the award is an original or a supplemental claim.

a. Original Award Processing

(1) Claims Establishment (CEST) is the first stage of original award processing. This involves completion of the 101 BIRLS Data screen and the 102 Claims Establishment screen.

(2) The second stage of original award processing involves entry of eligibility and training information. This includes completion of the 310 Chapter 31/32/34 Eligibility screen and a General Education Award screen (312 or 412). The 310 and 312 screens may be accessed by the CDAT or CADJ commands. The CADJ command must be used to access the 412 screen. This stage must be done by a different person from the one who completes CEST processing.

(3) Claims Authorization (CAUT) is the last stage. The 501 Authorization screen is used for this stage. For original awards, CAUT must be done by a different person from the one who completed the award processing screens.

b. Supplemental Award Processing. This category includes all awards other than original claims, reentrances into training and amendments to existing training status.

(1) The first stage of supplemental award processing is Pending Issue Establishment (PEST). This requires completion of the 102 Pending Issue Control - Establish screen.

(2) The second stage includes entry of training information on the 312 or 412 screen, and revising eligibility information through 310 screen entries, if necessary. This stage may be done by the same person who completes PEST processing.

(3) Claims Authorization is the final stage. On supplemental Chapter 32 claims, CAUT may be done by the same person who completes the award screen, as long as the operator has CAUT authority.

3. Completion of Target Screens

a. Claims Establishment. For Chapter 32 award processing, Claims Establishment is the same as for Chapter 34/35 processing. The CEST and PEST commands are used. Detailed instructions on CEST processing are provided in M21-1, chapter 1 paragraph 1.15. Instructions on PEST processing are given in M22-2, part IV,

chapter 4, paragraph 4.22.

```
310                    CHAPTER 31/32/34 ELIGIBILITY                  02-17-81
FILE NUMBER ..............      END PRODUCT ........          NAME ..........
                              TEMP IND
SVC DATA:     EOD        RAD       IN-SVC   DEDUCTIBLE TIME    S/C   CONDIT/DISCH
 RETAIN .   ........   ........      .      MOS .. DAYS ....      .
            ........   ........      .           ..     ....      .
            ........   ........      .           ..     ....      .
            ........   ........      .           ..     ....      .
PRIOR VA TRNG:  CH31                      CH34
                CH35                      OTHER

          EDUC LEVEL ..                 SPEC ELIG IND ....................
             COMB S/C                        S/C CODE
          MEMO RATING                     RATING DATE
       SPEC DISAB IND                    CH34 CRS LNG

        DELAYED ENTRY                        ACDUTRA ...
      END 1ST OBL PRD ........                 CEOD ........
       UPGRADED DISCH                      ORIG ENT ...............
           DISAB EXT:   DATE   MOS DAYS    REMAIN ENT .....
                                           DELIM/TERM DATE   ........
                                                          NEXT SCREEN ...
```

b. 310 Screen. The 310 screen must be completed for every original award. It allows entry of military service information which provides the basis for Chapter 32 eligibility. After entry of this basic information, the Target System will check the claimant's basic eligibility status and generate statistical data based on the 310 screen entries.

(1) The 310 screen may be completed in conjunction with a supplemental award, whether it is a reentrance (12C transaction) or an amendment (14C transaction). This should be done if evidence confirming that the claimant's military service status has changed, is submitted with new enrollment information.

(2) The 310 screen should be completed in the same way for all Chapter 32 claims. All entitling service information should be entered whenever the 310 screen is used. There is only one distinction between processing original claims and supplemental claims; for supplemental claims more M/R information is displayed when the screen is initially accessed. If the 310 screen is completed and an award is authorized, the new or revised eligibility information will be included in the award transaction.

(3) The fields listed below do not apply to Chapter 32 Target processing. When a Chapter 32 claim is being processed, entry in these fields will not be allowed.

| | |
|---|---|
| TEMP IND | S/C CODE |
| CONDIT/DISCH | RATING DATE |
| PRIOR VA TRNG | DELAYED ENTRY |

| | |
|---|---|
| COMB S/C | UPGRADED DISCH |
| MEMO RATING | DISAB EXT |

NOTE: Although PL 96-466 included Chapter 32 in the section of law which imposed a limit of 48 training months under all programs, the Target System will not allow entry in the PRIOR VA TRNG fields. If a Chapter 32 claimant has received VA educational benefits under other laws, further instructions should be obtained by calling VA Central Office (FTS 389-2772).

(4) The fields listed below apply to Chapter 32.

(a) The FILE NUMBER, END PRODUCT, and NAME fields display basic identifying information on the pending claim. These field displays are the same as for Chapter 34 processing.

(b) The following entry fields are used in the same way as for Chapter 34 processing:

| | |
|---|---|
| RETAIN | EOD |
| RAD | IN-SVC |
| DEDUCTIBLE TIME | S/C |
| EDUC LEVEL | ACDUTRA |
| CEOD | DELIM/TERM DATE |

(c) The three remaining 310 screen fields are used for Chapter 32 processing, but their usage varies from Chapter 34 processing.

1. END 1ST OBL PRD (End of First Obligated Service Period). Upon initial display of the 310 screen, the date stored in the claimant's Contributions Account will be shown in this field. The date is originally obtained from the claimant's service department when the Contributions Account is established. It can be adjusted during original or supplemental award processing.

a. If the claimant has completed one service period and reentered military service, then the first RAD date should be compared with the END 1ST OBL PRD date. If the claimant is eligible for benefits based on the first service period and the RAD date is earlier than the existing END 1ST OBL PRD display, then the RAD date should be entered in this field also.

b. If no date is stored in the claimant's Contributions Account, then "00-00-00" will be displayed. In this circumstance an entry is required. The claimant's application package should be checked to see if the proper date is provided. If not, action can be taken as outlined below.

(1) The claimant's RAD date should be entered if he/she is a veteran and the training effective date is later than the RAD date.

(2) In all other cases, development should be done to determine the correct date. Award action should not be completed until the date is obtained and eligibility is verified.

2. ORIG ENT. This field is for display purposes only. It will show months and days of entitlement, followed by total dollars of entitlement. The dollar display represents participant contributions, VA matching funds, and DOD contributions.

3. REMAIN ENT. This field is for display purposes only. If the claimant is currently in training, then this field will show the amount of entitlement remaining at the end of the enrollment period. If the claimant is currently in training and still contributing to the Contributions Account, then this field will show the amount of entitlement which will be left at the end of the enrollment period if the claimant continues making monthly contributions to the Contributions Account.

c. Entry of Training Information - 312 and 412 Screens. Either the 312 screen or the 412 screen must be used to enter any Chapter 32 institutional award (except those claim types excluded in paragraph 5 of the basic circular). These screens provide for entry of a claimant's specific training information, such as enrollment dates, rate of training, and the type of course being pursued. The Chapter 32 312 and 412 screens are almost identical to the Chapter 34/35 screens, and their usage for Chapter 32 claims is also very similar. Detailed instructions on these screens are given in M22-2, part IV, chapter 4, paragraphs 4.24 and 4.25. Areas of processing which are different for Chapter 32 claims are described below.

```
312                        GENERAL EDUCATION AWARD                    02-17-81
     FILE NUMBER ************   END PRODUCT ********      NAME *********
REMAIN ENT ***************     DELIM DATE ********      PAY STATUS
FACILITY ************          OBJECTIVE ***            COURSE ***
CLEAR CONTROL          PROG CHG
                                   AWD LINE DISPLAY: ADD    DELETE

  EFFECTIVE      NO PAY          RATE     TNG   HRS   DY   ENT   TYP   CHARGES
  DATE  RSN      DATE  RSN               TME   T NO   WK   CHG   TNG
******** **   ******** **   *******   *   * **   *   *   *   ********
******** **   ******** **   *******   *   * **   *   *   *   ********
******** **   ******** **   *******   *   * **   *   *   *   ********

                                                          NEXT SCREEN ...
```

```
412                          GENERAL EDUCATION AWARD                    02-17-81
     FILE NUMBER ..............  END PRODUCT ........      NAME .........
REMAIN ENT ..............    DELIM DATE .........    PAY STATUS
FACILITY ............            OBJECTIVE ...          COURSE ...
CLEAR CONTROL                    PRGM CHG               PREP
                                    AWD LINE DISPLAY: ADD   DELETE

  EFFECTIVE      NO PAY        RATE     TNG    HRS   DY   ENT   TYP   CHARGES   O
  DATE  RSN      DATE  RSN             TME    T NO  WK   CHG   TNG             R
  ........ ..  ........ ..  ........  .    . ..  .    .     .     ........
  ........ ..  ........ ..  ........  .    . ..  .    .     .     ........
  ........ ..  ........ ..  ........  .    . ..  .    .     .     ........

                                                          NEXT SCREEN ...
```

(1) The REMAIN ENT display will include months and days of entitlement, followed by total dollars of entitlement.

(2) The display in FACILITY, OBJECTIVE, and TYP TNG will never include a "P" after the code. Chapter 32 records do not contain pending Certificate of Eligibility information.

(3) There is no NO LUMP PAY field on the 312 or 412 screen. Lump sum payments are not appropriate for Chapter 32 Target award processing.

(4) PRGM CHG. This is a one position field. Acceptable entries are 1, 2, or 3.

(a) Original Awards. This field does not apply to original awards and entry will be prohibited during original award processing.

(b) Supplemental Awards. Entry is optional. If the claimant is to be charged with a change of program (see VAR 14234 and VAR 15232), then the appropriate entry should be made in the PRGM CHG field. Entry in this field will cause generation of a letter paragraph to the claimant, which will advise him or her of the program change determination (see appendix E on letters). If one or more program changes have previously been charged to the claimant, the PRGM CHG field will give that display when the 312/412 screen is initially displayed.

(5) PREP. This field will not be used.

(6) There will be no APP/OJT fields displayed on the Chapter 32 award screens. Chapter 32 claimants may not receive benefits for apprenticeship or on-the-job training.

(7) The dependency fields (DEP TO, DEP THIS), WITHHOLD, and OR (override) fields will not be displayed on the Chapter 32 screens.

(8) RATE. This is not an entry field for Chapter 32. RATE values will be shown in the master record lines displayed on the upper portion of the screen. On the entry lines, the RATE field should be left blank. The Target System will calculate and display the proper monthly rate for each award line only after GAD or GAP has been successfully completed and the award screen is redisplayed.

NOTE: If an award screen is redisplayed after GAD/GAP and any entry is changed, then all RATE and CHARGES displays must be erased before the Enter key is pressed again.

(9) TNG TME. This field is used to enter the numerical training time code (0, 1, 2, 3 or 4)for the enrollment period. Training time 5, for cooperative training, will not be used for Chapter 32.

(10) ENT CHG. This is not an entry field for Chapter 32. ENT CHG values will be shown in the master record lines displayed on the upper portion of the screen. Entry will be prohibited on the lower award entry lines. The Target System will display the proper entitlement charge for each award line only after award information has been entered and the award screen is redisplayed.

(11) CHARGES. This is not an entry field for Chapter 32. A value representing the participant's portion of the monthly rate will be shown in the master record lines displayed on the upper portion of the screen. On the entry lines the CHARGES field should be left blank. The Target System will display the participant's portion of each line's monthly rate only after GAD or GAP has been successfully completed and the award screen is redisplayed.

(12) The minimal input method of award entry may be used for Chapter 32 cases. The minimal input guidelines which apply to Chapter 34/35 also apply to Chapter 32 cases. For instructions, refer to M22-2, part IV, chapter 4, paragraph 4.25.3d(3).

d. GAD/GAP Processing. A generated print (GAP) must be obtained for each award before the authorization stage can be done. Basic GAD/GAP information on chapter 34/35, which generally applies to chapter 32, is provided in M22-2, part IV, chapter 4, paragraph 4.26. Information which specifically relates to chapter 32 is provided below.

(1) The chapter 32 generated print differs slightly from the chapter 34/35 print. A layout is shown below.

```
                    EDUCATION INSTITUTIONAL AWARD      TRANS: 120  02-17-81
 FILE NO: ...........-..        NAME: . . .....  CH 32 VETERAN        EPC: ...
                    RO: ...  LTE OF CLM: ........  BDN: ... PWR ATTY: .....
 XXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXXXXX  EOD ........ ORIG ENT ..............  FAC CDE ...........
 XXXXXXXXXXXXXXXXXXX  RAD ........ RMND ENT ..............  TYP TNG ...........
 XXXXXXXXXXXXXXXXXXX  DEL ........ PRGM CHG .              CRS/OBJ ... ...
                      CEOD........      END OBL PRD ........ 9TH DTE ........

  EFFECTIVE      NO PAY    NO RTE/   TNB   HRS/  DY   ENT   TYP   PARTIC    O
  DATE   RSN    DATE   RSN  LSH RTE   TME   T NO  WK   CHG   TNG   PORTION   R
 ........ ..  ........ ..  .......    .    . ..  .    .     .     .......

 REMARKS:

 ENTERED BY:                    AUTHORIZED BY:                    DATE:
```

(2) Both the 312 and 412 screens are used for award redisplay in GAD processing. If GAD is requested and the award information was entered on the 312 screen, then the 312 screen will be returned. This differs from chapter 34/35 processing where GAD always returns the 412 screen.

(3) If a generated print is obtained on an advance pay award, and the award effective date is more than 10 days in the past, then the Target System will change the Effective Reason to 00. The Remarks section will show the following message: "CONFIRMATION OF ENROLLMENT REQUIRED, EFFECTIVE REASON CHANGED." The claimant's enrollment must be confirmed through the school's certifying official before the award is authorized.

(4) Under certain circumstances GAD/GAP processing will generate additional award lines. These specific conditions are described below.

(a) Receipt of a DOD contribution may cause generation of a single award line. When DOD submits their special DOD contributions (or "kickers," as they are sometimes called), they also give the VA an entitlement effective date (month and year). If the designated effective date for a DOD contribution falls in an award period, the Target System will increase the claimant's pay rate on the first day of the following month and it will generate an award line to reflect the change. The Effective Reason for these lines will be 71. When a Chapter 32 claim is reviewed, the M28 screen should be carefully checked to determine whether the participant has a proposed DOD contribution. If the M28 screen shows a proposed DOD contribution, the Hines PPU should be notified (FTS 387-6651). The Hines PPU will

initiate the action that moves the DOD money into the participant's Contributions Account, and the Target System will automatically adjust the monthly rate of the award.

EXAMPLE: A chapter 32 claimant has contributed $1000 to the chapter 32 fund over 20 months. The claimant's contribution allotments were $50 per month, and he is no longer contributing. DOD has authorized a separate contribution (or "kicker") of $2000 with an effective date (month and year) of 0678. An award is entered on the 312 or 412 screen as shown below.

| EFFECTIVE DATE RSN | NO PAY DATE RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|
| 01-01-78 00 | 12-31-78 61 | | 4 | S-15 | | | B | |

In GAD/GAP processing, Target will generate the claimant's monthly rates, including an award line to reflect the DOD contribution. The generated award will contain the following information:

| EFFECTIVE DATE RSN | NO PAY DATE RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|
| 01-01-78 00 | | 150.00 | 4 | S-15 | | 4 | B | 50.00 |
| 07-01-78 71 | 12-31-78 61 | 292.86 | 4 | S-15 | | 4 | B | 50.00 |

(b) If an entered award spans the claimant's EOD or RAD date, the Target System will generate a new award line to reflect the change of status. If the service date necessitating the change is an EOD date, the generated line's Effective Date will be the EOD date. If the service date necessitating the change is an RAD date, the generated line's Effective Date will be the day after the RAD date. In either case, the Effective Reason will be 30.

EXAMPLE: A chapter 32 claimant has an RAD date of 06-16-78, and the following information is entered on the 312 or 412 screen:

| EFFECTIVE DATE RSN | NO PAY DATE RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|
| 05-15-78 60 | 12-12-78 61 | | 2 | C-18 | 3 | | E | |

In GAD/GAP processing Target will generate an award to reflect the claimant's status change, from serviceperson to veteran.

| EFFECTIVE DATE RSN | NO PAY DATE RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|
| 05-15-78 60 | | 75.00 | 2 | C-18 | 3 | 2 | E | 25.00 |
| 06-17-78 30 | 12-12-78 61 | 75.00 | 2 | C-18 | 3 | 2 | E | 25.00 |

(c) A Chapter 32 claimant's pay rate may be subject to monthly change. This is because the Target System calculates Chapter 32 pay rates on a month-by-month basis using the exact entitlement months and dollars available for each calculation. If a participant enters training while contributing to the Chapter 32 fund, his or her pay rate will fluctuate under the following conditions.

1. If the claimant has made more than 36 monthly allotments, or

2. The claimant's monthly allotment rate has changed (i.e., from $50 to $60).

Under the above conditions the Target System will calculate the proper rates during GAD/GAP processing and display the generated lines on the award screen or print. The rate will change slightly on the first day of each month, and the Effective Reason for each generated line will be 71.

EXAMPLE: A chapter 32 claimant made ten $50 contributions from January 1978 through October 1978. In November 1978, the claimant changes his contribution rate to $60. On 5-1-79, while the claimant is still actively contributing, an award is entered on the 312 or 412 screen with the following information:

| EFFECTIVE DATE | RSN | NO PAY DATE | RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|---|---|
| 03-21-79 | 60 | 08-27-79 | 61 | | 4 | S-14 | | | B | |

In GAD/GAP processing, Target will generate award lines and monthly rates as shown below.

| EFFECTIVE DATE | RSN | NO PAY DATE | RSN | RATE | TNG TME | HRS T NO | DY WK | ENT CHG | TYP TNG | CHARGES |
|---|---|---|---|---|---|---|---|---|---|---|
| 03-21-79 | 60 | | | 158.58 | 4 | S-14 | | 4 | B | 52.86 |
| 04-01-79 | 71 | | | 160.02 | 4 | S-14 | | 4 | B | 53.34 |
| 05-01-79 | 71 | | | 161.40 | 4 | S-14 | | 4 | B | 53.80 |
| 06-01-79 | 71 | | | 162.66 | 4 | S-14 | | 4 | B | 54.22 |
| 07-01-79 | 71 | | | 163.83 | 4 | S-14 | | 4 | B | 54.61 |
| 08-01-79 | 71 | 08-27-79 | 61 | 164.94 | 4 | S-14 | | 4 | B | 54.98 |

NOTE: Reason code 71 is a system-generated code only. It may not be entered by an operator. Therefore, when reason code 71 is seen, it can always be interpreted as designating a system-generated rate change.

(5) In GAD/GAP processing, a claimant's service periods are compared against the allotments in the Contributions Account. If the Contributions Account has any allotments which are not within the claimant's service periods, then the following error message will be

displayed on the Ready screen: "ALLOTMENT NOT IN SVC PRD: (YR-MO)." The year and month shown in this message will be the first allotment month found outside the service periods. For example, if a veteran's RAD date is 6-15-79 and his or her Contributions Account shows allotments through September 1979, then the error would be generated with 79-07 shown. If this message is received, the following steps should be taken:

(a) The Contributions Account should be reviewed to determine all allotments which are not in the claimant's service period(s).

(b) The Hines PPU (FTS 387-6651) should be contacted and advised of the case. The Hines PPU should be given the exact service dates and the specific allotments which fall outside the service period(s).

(c) A short-term diary should be established to control the case. The Hines PPU will adjust the Contributions Account so that the improper allotments are placed in "unapplied contributions." The PPU will also contact the military service department and request proper adjustment of the funds. When the PPU has adjusted the record, they will advise the regional office.

(d) Upon being advised of the PPU's adjustment, any necessary award actions should be processed routinely.

(6) GAD/GAP processing calculates the correct chapter 32 monthly pay rates. However, if a case has money in unapplied contributions, that money is not considered in Target rate calculations or eligibility edits. Chapter 32 MINQ screens (M26 through M29) should be routinely reviewed to determine whether unapplied contributions exist. If unapplied contributions are found on a chapter 32 claim, adjustment action should be initiated by notifying the Hines PPU. The Hines PPU will research the claim, contact the military service department, and make the necessary adjustments.

(a) Award action can be taken on these claims if the Contributions Account contains sufficient valid allotments to establish eligibility. If an award can be done on such a claim, then it should be done and no diary need be established. The Hines PPU should be advised that award action has been taken and that no notification is required when the record has been corrected.

(b) If the Contributions Account does not have sufficient valid contributions to establish eligibility, then diary control should be established. The Hines PPU should be advised that award action is pending and that the regional office needs notification when the record has been corrected.

e. Claims Authorization. The CAUT command will be used for chapter 32 awards in the same way it is used for chapter 34/35 (see M22-2, pt. IV, ch. 4, par. 4.27). The 501 screen display will be unchanged, and all the chapter 34/35 entry fields apply to chapter 32 processing.

MISCELLANEOUS TARGET ACTIONS
MINQ, CORR, STOP-SUSP-RESU, CADD-CNAM-CFID

1. General. The Chapter 32 actions in this appendix are all paralleled by existing Chapter 34 functions. The processing is rather simple, and in each case Chapter 32 processing is very close to the Chapter 34 method. A brief description of each function is provided, followed by an explanation of the differences between Chapter 32 and Chapter 34.

2. MINQ

a. Master Record Inquiry - General. Chapter 32 participants who have filed education claims and have been awarded benefits have master records which consist of two parts. The first part is the claimant's Contributions Account. The second part of the master record is the Benefit Account. Master record information on Chapter 32 claims can be obtained on Target through the MINQ (Master Record Inquiry) command. The Chapter 32 MINQ screens are:

(1) M21 - Education Master Record Status (Current)

(2) M22 - Education Master Record Award Status (Prior, Current, and Future)

(3) M23 - Education Master Record Eligibility and Entitlement Data

(4) M24 - Education Master Record Miscellaneous Data

(5) M26 - Chapter 32 Participant Summary

(6) M27 - Chapter 32 Participant Contribution History

(7) M28 - Chapter 32 Contribution and Miscellaneous Data

(8) M29 - Chapter 32 Benefit History

b. The Contributions Account Record. The Contributions Account is created as soon as the participant's military service department submits an allotment and/or statistical information on the participant's behalf. Information from this part of a master record can be retrieved by requesting an M26, M27, M28, or M29 screen. Information regarding these screens is provided in DVB Circular 20-77-25, appendix H.

c. The Benefit Account Record. The Benefit Account is created when an original award is processed. Information from this part of a master record can be retrieved by requesting an M21, M22, M23, or M24 screen. The formats for these Chapter 32 screens are based on existing Chapter 34 screens, so information should be easily recognizable.

d. MINQ Screen Access. The MINQ screens are obtained in the same way as for other benefits, except that the benefit type (Chapter 32) should always be entered. If no screen number is specified, or if a common screen is requested (M21 - M24), the Target system will only search for a Chapter 34/35 or C&P record.

e. Education Master Record Status (M21). Items which differ from Chapter 34/35 displays are described below. Descriptions of the other fields are given in M22-2, part IV, chapter 4, paragraph 4.34.

```
M21                    EDUCATION MASTER RECORD STATUS                  10-23-81
      FILE NUMBER .....-..      BENEFIT CH32      NAME . . .....

VET-NAME LAST-ACTIVITY STA PWR-ATTY OTH-RCD ODN  STATUS
. . ..... ... ......... ... ........  ....  ...  ............................

PAY STATUS      ............  XXXXXXXXXXXXXXXXXXX  DELIMIT DATE .........
CHECK AMT       .........       X  NAME & ADDRESS  X  ORIG ENT     ...............
TOTAL DEDUC     .........       X                  X  REMAIN ENT   ...............
TOTAL RECEIV    .........       X                  X  DT LAST PAID .........
PROCEEDS        ..........      X                  X  DT LAST CERT .........
TYPE TRNG       ............... XXXXXXXXXXXXXXXXXXX  ADVANCE PAY  ........
FACILITY        ............                  XXXXX  COURSE/OBJ   ... ...

   EFF                NO PAY                    TRNG                  ENT  TYP                  PARTIC
   DATE   RSN          DATE     RSN  RATE      TIME   HRS/DAY        CHG  TNG  CHARGES       AMOUNT
 ......... ..  ......... ..  ......  ....  ...  .    ....  .   .........   ........

 ......... ..  ......... ..  ......  ....  ...  .    ....  .   .........   ........

 ......... ..  ......... ..  ......  ....  ...  .    ....  .   .........   ........
                                                                          NEXT SCREEN ...
```

(1) LAST-ACTIVITY. This shows the last transaction code in the first three spaces followed by the date, in month-day-year format.

(2) ORIG ENT. This field shows the months, days, and total dollars of original entitlement. If a claimant has an active award and the claimant is still actively contributing allotments, then this field will reflect the entitlement he/she will have earned at the end of the active award period.

(3) REMAIN ENT. This field shows the months, days, and total dollars of entitlement which will be remaining at the end of the last award period in the master record. If a claimant has an active award and the claimant is still actively contributing allotments, then this field will show the entitlement he/she will have earned at the end of the active award period minus the entitlement used through the last award period.

(4) ADVANCE PAY. This field will show PAID, PENDING, or N/A. PAID will be displayed if the current award is an advance pay enrollment and the advance pay check has been issued. PENDING will be displayed if the current award is an advance pay enrollment and the advance pay check has not yet been issued. N/A will be displayed if the current award period is not an advance pay enrollment.

(5) PARTIC AMOUNT. This will show the participant's portion of the monthly rate.

f. Education Master Record Award Status (M22). This screen displays prior, current and future award information. Detailed descriptions are given in subparagraph e above and in M22-2, part IV, chapter 4, paragraph 4.35.

```
M22                  EDUCATION MASTER RECORD AWARD STATUS              10-23-81
      FILE NUMBER .....-..        BENEFIT CH32        NAME . . .....

DLP ........  DLC ........

EFF DATE/RSN  ........ ..  ........ ..  ........ ..  ........ ..  ........ ..
NO PAY DT/RSN ........ ..  ........ ..  ........ ..  ........ ..  ........ ..
RATE           .......       .......       .......       .......       .......
PARTIC AMOUNT   ......        ......        ......        ......        ......
HOURS/DAYS    ...  .      ...  .      ...  .      ...  .      ...  .
TIME/ENT CHG  .... ....    .... ....    .... ....    .... ....    .... ....
TYPE TRNG     ...........  ...........  ...........  ...........  ...........
FACILITY CODE ...........  ...........  ...........  ...........  ...........
COURSE CODE   ...          ...          ...          ...          ...
ENTITLEMENT   ..........   ..........   ..........   ..........   ..........
LUMP SUM/ADV   ...  ...     ...  ...     ...  ...     ...  ...     ...  ...
LBNS AUTH/PD
NON-REIMB
FLIGHT AUTHD
FLIGHT PAID
. LATER PERIODS ..      . EARLIER PERIODS ..                  NEXT SCREEN ...
```

g. Education Master Record Eligibility and Entitlement Data (M23)

```
M23        EDUCATION MASTER RECORD ELIGIBILITY AND ENTITLEMENT DATA   10-23-81
      FILE NUMBER .....-..        BENEFIT CH32        NAME . . .....

BRANCH OF SERVICE    ....              ORIGINAL ENTITLEMENT    ..............
SERVICE DATES        ........ ........  REMAINING ENTITLEMENT   ..............
COMPUTED EOD         ........          TOTAL ENT USED          ..............
DELIMITING DATE      ........          DROPPED PRIORS          ..............
SPEC ELIGIBILITY     ..............
OTHER DEDUCT TIME    ..  ..
TYPE CERT OF ELIG

MISC STATISTICAL DATA:
DATE OF CLAIM        ........          EDUC LEVEL AT APPL      ..
RESIDENCE AT APPL    ..                INITIAL/CURRENT OBJ     ...  ...
SEX OF APPL          .                 INITIAL ENTRANCE DATE   ........
BIRTH DATE OF PAYEE  ........          DISADVANTAGED TRNG(HIST) ...

                                                              NE
```

h. Education Master Record Miscellaneous Data (M24)

```
M24              EDUCATION MASTER RECORD MISCELLANEOUS DATA          10-23-81
      FILE NUMBER ..........-..      BENEFIT CH32        NAME . . .....

ABSENCE DATA:                       FOLDER PULL REQUIRED: .
ABSENCE COMP DATE  ........
MAX ALLOWABLE      ..               LOAN STATUS:
ABSENCES THIS PER  ..

  YEAR ....  ....  ....             TOTAL FLT PAID BY VA:
   JAN  ..    ..    ..               CUR FLT ENROL
   FEB  ..    ..    ..               PREV FLT ENROL
   MAR  ..    ..    ..
   APR  ..    ..    ..
   MAY  ..    ..    ..
   JUN  ..    ..    ..
   JUL  ..    ..    ..
   AUG  ..    ..    ..
   SEP  ..    ..    ..
   OCT  ..    ..    ..
   NOV  ..    ..    ..
   DEC  ..    ..    ..

                                                    NEXT SCREEN ...
```

3. Master Record Corrections. Corrections to specific fields in Chapter 32 records may be made directly through the Target System. The CORR command is used to do these changes, and the method is the same as for Chapter 34/35 processing. Screen layouts and lists of correctable fields are given below. If appropriate, distinctions between Chapter 34/35 processing are mentioned. Detailed descriptions are given in M22-2, part IV, chapter 4, paragraph 4.28.

a. M21 Screen. Correctable fields are:

(1) NAME
(2) PWR-ATTY
(3) GDN
(4) TYPE TRNG
(5) FACILITY
(6) COURSE/OBJ

b. M23 Screen. Correctable fields are:

(1) BRANCH OF SERVICE
(2) SERVICE DATES
(3) COMPUTED EOD
(4) SPEC ELIGIBILITY. (The only acceptable entries are NONE and S/C DISABILITY.)
(5) DATE OF CLAIM
(6) EDUC LEVEL AT APPL

(7) RESIDENCE AT APPL
(8) INITIAL/CURRENT OBJ
(9) SEX OF APPL
(10) BIRTH DATE OF PAYEE

c. M24 Screen. Correctable fields are:

(1) ABSENCES THIS PER
(2) ABSENCES
(3) LOAN STATUS
(4) FOLDER PULL REQUIRED

4. Stop-Suspend-Resume Actions. Stop Pay actions (transaction 09), Suspend Pay actions (transaction 10), and Resume Pay actions (transaction 16) for Chapter 32 institutional awards must be done on Target. The 406 screen should be used to do these actions.

a. Processing. The 406 screen is accessed and used for Chapter 32 in the same way as for Chapter 34/35. Detailed instruction on 406 screen usage is given in M22-2, part IV, chapter 4, paragraph 4.29. A brief summary is provided in subparagraph b below.

```
406                        STOP - SUSPEND - RESUME                    10-23-81
      FILE NUMBER ...........-..    END PRODUCT ...     NAME . . .....

.............
REASON  ..
DATE  ........

CURRENT ADDRESS                        . ADDRESS CHANGE REQUIRED
XXXXXXXXXXXXXXXXXXX                    . AUTHORIZATION
X                  X
X                  X
X                  X
X                  X
XXXXXXXXXXXXXXXXXXX
                XXXXX


                                                        NEXT SCREEN ...
```

b. Summary - 406 Screen Entry for Each Command

(1) Stop Pay Actions (STOP). 406 screen entries for the STOP command should include REASON and DATE. The ADDRESS CHANGE REQUIRED field may be entered, if appropriate. The AUTHORIZATION field may also be entered if the operator intends to immediately authorize the Stop Pay action.

(2) Suspend Pay Actions (SUSP). The only required 406 screen entry for the SUSP command is the REASON field. The ADDRESS CHANGE REQUIRED field may be entered, if appropriate. The AUTHORIZATION field may also be entered if the operator intends to immediately authorize the Suspend Pay action.

(3) Resume Pay Actions (RESU). There are no required 406 screen entries for the RESU command. The ADDRESS CHANGE REQUIRED field may be entered, if appropriate. The AUTHORIZATION field may also be entered if the operator intends to immediately authorize the Resume Pay action.

(4) Authorization. All STOP/SUSP/RESU actions must be authorized through the 501 screen. If the operator completing the 406 screen has CAUT authority, he or she may authorize the action by entering "Y" in the AUTHORIZATION field, pressing the Enter key, then completing the 501 screen. If the operator does not have CAUT authority or does not choose to enter "Y" in the 406 screen's AUTHORIZATION field, then the 406 screen action will be stored in the PIF.

5. CADD-CNAM-CFID. For Chapter 32, changes of address, name, and fiduciary must be done on Target. These actions will be done through the CADD, CNAM, and CFID commands. The Chapter 32 procedures are the same as for Chapter 34/35. Detailed instructions on use of the CADD, CNAM, CFID commands are provided in MP-6, part XXV, supplement No. 4.4, and M21-1, paragraph 17.18. A change of name may not be done for a claimant who does not yet have a Benefit Account and he or she is still contributing to the chapter 32 fund. In this instance, any name change action must be initiated by the military service department.

CHAPTER 32 CERT PROCESSING

1. General. The basic rules for certification of school attendance are the same for Chapter 32 as for Chapter 34/35. Verification of pursuit of IHL enrollments will be required once at the end of the enrollment period. For NCD enrollments, certification will be required quarterly. When appropriate, the Target Central System at the Hines DPC will issue the appropriate certification card. The certification cards used for Chapter 32 will be the same as those currently used for Chapter 34/35; VA Form 22-6553 will be system generated in IHL cases, and VA Form 22-6553a will be system generated in NCD cases.

2. IHL Processing

a. VA Form 22-6553 will be issued for all Chapter 32 IHL accounts with the following exceptions:

(1) VA Form 22-6553 will not be issued for an award which is processed in the next to last month of the enrollment period or later. This is also true if the award is adjusted through a Stop Pay or Amended Award. Date Last Certified will be updated automatically in these cases. Adjudication personnel must insure that the claimant's enrollment is confirmed as submitted.

(2) A VA Form 22-6553 will not be issued for enrollment periods of 90 days or less.

b. Timing of IHL Certification Card Release. Since Chapter 32 processing will not be done on a cyclical basis, there will be no major processing cycle, such as "cycle 0" for Chapter 34/35 processing. However, recurring payment processing will be accomplished at the beginning of each month. This recurring payment processing will generate monthly payments due on running awards, and it will generate IHL certification cards as provided below:

(1) Recurring payment processing will issue IHL cerification of pursuit cards in the next to last month of IHL enrollment periods.

(2) Recurring payment processing during May will generate verification of pursuit cards for IHL cases in which DLC is earlier than February and the ending date of the enrollment period is in August or later. The verification data generated under this circumstance will cover the period from DLC through April 30.

c. Regional Office Processing of Cards

(1) Cards with no change will be sent to the Finance activity. These "no change" cards will be mailed to the Hines DPC. Verification of pursuit cards with enrollment changes reflected will be sent to the Adjudication Division for appropriate action.

(2) Chapter 32 certification cards need not be segregated from Chapter 34/35 certification cards when they are mailed to the Hines DPC. Chapter 32 cards will be sorted through an automated process at the Hines DPC.

d. Control of INL Certification. When a VA Form 22-6553 is issued, a control is set in the individual master record. This control will be cleared upon successful processing of the certification action (35S transaction), a reentrance award (12C transaction), an amended award (14C transaction), or a Resume Pay action (16 transaction). If no such actions process, then the Target Central System will issue action messages (NOES) at regular intervals until the certification control is cleared. During recurring payment processing, master records will be checked for existing certification controls.

(1) If 3 months have passed since the verification of pursuit card was issued, then a NOE message #1410 will be sent to the regional office. The message legend is "ACTION - NEED VERIF OF PURSUIT FROM (DATE LAST CERTIFIED)."

(2) If 4 months have passed since the verification of pursuit card was issued, then a NOE message #1411 will be sent to the regional office. The message legend is "ACTION - NEED VERIF OF PURSUIT FROM (DATE LAST CERTIFIED)/2ND NOTICE." This message should be sent to Veterans Services Division for action.

(3) If 5 months or more have passed since the verification of pursuit card was issued, then an NOE message #1412 will be sent to the regional office. The message legend is "ACTION - NEED VERIF OF PURSUIT FROM (DATE LAST CERTIFIED)/ PRIORITY." This message should be sent to the Director's office so that proper identification and control of the case can be accomplished.

3. NCD Certification Processing. Chapter 32 NCD certification of attendance cards are issued on a quarterly basis, with some variations to allow for unusual circumstances. All NCD enrollment periods require certification of attendance. When an NCD certification of attendance card is issued by the Target Central System, a bar to payment is set in the claimant's record. The payment bar will only be cleared by successful processing of a certification of attendance action (35T transaction) or by a Stop-Pay action (09V transaction) in which the termination date is equal to or earlier than Date Last Certified.

a. Timing of NCD Certification Card Release

(1) Short Awards. For NCD enrollment periods which span only 1 or 2 months, one certification of attendance card for the entire period will be issued. The certification of attendance card will be issued when payment for the last enrollment month is released. This will normally be during recurring payment processing for the month after the end of the enrollment period.

(2) Initial Certification. The first certification of attendance card will be issued when the fourth month's (stub month plus 3 full months) payment is released, or when the next to last month's payment is released, whichever is earlier.

(3) Running Awards - Recurring Certification. After initial certification, NCD enrollment periods are certified on a quarterly basis. Three monthly payments may be released before a certification of attendance card is issued and a payment bar is set. Then when a certification of attendance card is processed, additional payments may be released until Date of Last Payment is 3 months later than Date Last Certified.

(4) Final Certification. Payment for the final month of NCD enrollment periods (excepting short awards) will not be released until certification through the termination date is processed. When payment for the next to last month is released, a certification of attendance card will be released. This certification card will cover the period from Date Last Certified through the end of the enrollment period.

(5) No-Rate Periods. The existence of short no-rate periods within an NCD enrollment period will not affect certification processing. If a Chapter 32 NCD award contains a no-rate period within the enrollment period, monthly payments will be released routinely, subject to normal quarterly certification requirements. The no-rate period within the enrollment period will not alter the normal sequence for issuing certification cards.

b. Absences. Although certification of attendance cards are released quarterly, absences must be reported and stored on a monthly basis. If reported absences exceed the maximum allowable, then the Target System will compute an accounts receivable. Deduction for the accounts receivable will be made from the claimant's next payment or payments.

NOTE: If the certification action generates a payment, the A/R will be deducted from that payment.

c. Control of NCD Certification. Anytime a VA Form 22-6553a is issued, a payment bar is set in the individual master record. During recurring payment processing the certification payment bar is checked.

(1) If 3 months have passed since the certification of attendance card was issued, then a one-time computer-generated delinquent certification letter will be issued. A file copy of the delinquent certification letter will not be issued.

(2) If 4 months have passed since the certification of attendance card was issued, the account will be suspended automatically and an overpayment will be created, if appropriate. A discontinuance letter will be issued to the claimant with a copy to the regional office. The processing of a certification action for an automatically suspended account will result in removal of the suspense and release of any payment due.

(3) If 6 months have passed since the certification of attendance card was issued, the account will be terminated automatically effective the Date Last Certified.

d. Regional Office Processing of NCD Cards. The Finance activity will routinely verify and process NCD certification cards.

(1) If a termination is reported on the certification card, it should be processed for computer termination ("quit certification"). A photocopy of the certification card should be sent to the Adjudication Division for school liability review and filing in the claims folder.

(2) NCD certification cards on which a change in the number of scheduled attendance hours is reported should be forwarded to the Adjudication Division.

The adjudicator or education claims clerk should prepare any necessary award amendment. In these instances the Target 317 screen may be used to submit the certification information in conjunction with the award amendment. The certification card should be filed in the claims folder.

4. Target Submission of Certification Actions. The Target system provides a method for processing Chapter 32 IHL and NCD certification actions. Certification information may be submitted on the 317 General Certification screen. Certificates of delivery may also be processed for advance payment awards. This screen may be accessed through the CERT, CDAT, or CADJ commands. For Chapter 32 the 317 screen will be used in the same way as for Chapter 34/35. Detailed instructions are provided in M22-2, part IV, chapter 4, paragraph 4.27.1. Brief processing summaries are given in paragraph 5.

```
317                          GENERAL CERTIFICATION          CH 32       10-23-81
      FILE NUMBER ...........-..    END PRODUCT ...      NAME  . . .....

TYPE CERT: IHL .   NCD/FARM .   APP/OJT .   CORRES .   FLT .   CERT OF DELV .

PERIOD: BEGIN DATE .........          CERTIFIED THRU .........          TERMINATE .

CORRESPONDENCE LESSONS SERVICED

      FLIGHT CHARGES CERTIFIED                        COURSE

                              ABSENCES/HOURS WORKED
   JAN   FEB   MAR   APR   MAY   JUN   JUL   AUG   SEP   OCT   NOV   DEC
   ...   ...   ...   ...   ...   ...   ...   ...   ...   ...   ...   ...
   ...   ...   ...   ...   ...   ...   ...   ...   ...   ...   ...   ...


                                                          NEXT SCREEN ...
```

5. Summary - 317 Screen Entries

a. IHL Verification of Pursuit. IHL certifications should include entry in TYPE CERT: IHL, BEGIN DATE, and CERTIFIED THRU. If the 317 screen is accessed through the CERT command, BEGIN DATE is displayed and protected from entry.

b. NCD Certification of Attendance. NCD certifications should include entry in TYPE CERT: NCD, BEGIN DATE, CERTIFIED THRU, and ABSENCES. The TERMINATE field may also be entered if a "quit certification" is to be processed. If the 317 screen is accessed through the CERT command, BEGIN DATE is displayed and protected from entry.

c. Certificate of Delivery. This action requires only an entry in the CERT OF DELV field.

CHAPTER 32 TARGET NOTICE OF EXCEPTION PROCESSING

1. General. After Chapter 32 awards or other actions are processed on Target terminals, they are sent to the Target Central System for further editing and storage. Target Central System processing may result in rejection of the action, or it may result in generation of an information message. If the Target action is rejected, or a message is required, the Target Central System will set up a Notice of Exception message. These Notices of Exception (NOES) are sent back to the Target regional data processing center for regional office retrieval.

2. Description and Purpose. Regional office personnel can obtain Notices of Exception messages through the NOES command. There is a single exception to this, information message #8030. This particular message will be discussed in paragraph 4f. The Target Central System sends NOES to the regional data processing centers after each processing day. The Adjudication Officer should designate individuals to execute the NOES command. These designated people should perform the NOES command daily, review the messages, and take the indicated action. A listing of all Chapter 32 NOES messages is provided as exhibit 1.

3. Types of NOES Messages. There are three categories of Chapter 32 NOES messages. All of the types require regional office attention, but the kind of action required and the priority assigned to it can be determined by the NOES message type.

a. REJECT Messages. These messages indicate that an action initiated at the regional office did not successfully process at the Target Central System. REJECT messages require careful review of the involved claims, and usually will require submission of a corrected action to the Target Central System. REJECT messages should be given the highest priority.

b. ACTION Messages. These messages usually direct attention to running awards. For example, ACTION messages may advise that an award period has been suspended or requires certification. Although ACTION messages do not usually reflect an error, they require action. ACTION messages should be given the second highest priority.

c. INFO Messages. These messages identify unusual circumstances encountered and handled by Target Central System processing. INFO messages are generated primarily for documentation purposes and they may often be filed in the claims folder without further regional office action. However, each INFO message legend should be read and, if necessary, further review should be done.

4. Obtaining NOES Listings. Requests for specific daily Chapter 32 NOES listings are made on the S12 screen. This screen is obtained through the Ready screen.

a. Ready Screen Entries

(1) The command "NOES."

(2) The employee's password.

(3) The benefit "Chapter 32." Benefit is a required entry. Without it the Target System will offer the S11 selection screen for Chapter 34/35 and C/P processing.

b. The S12 - Notice of Exception Menu Screen. After the NOES command is entered on the Ready screen, the Target System will check the operator's authority and, if appropriate, display the S12 screen. On the S12 screen, the operator selects the range of claim numbers and the processing days for which he or she wants NOES listings. After the Entry key is pressed, the Target System will print the requested NOES messages on the assigned printer.

c. S12 Screen Field Descriptions

```
S12                    NOTICE OF EXCEPTION MENU SCREEN                    09-08-81
                          EDUCATION - CHAPTER 32

INDICATE NOE REPORT RANGE IN TERMINAL DIGITS: BEGINNING .. TO ..

INDICATE SELECTION BY ENTERING AN X BELOW DESIRED PROCESSING DAY(S)

SEP 01   SEP 02   SEP 03   SEP 04   SEP 05   SEP 06   SEP 07   SEP 08
  .        .        .        .        .        .        .        .

SEP 09   SEP 10   SEP 11   SEP 12   SEP 13   SEP 14   SEP 15   SEP 16
  .        .        .        .        .        .        .        .

SEP 17   SEP 18   SEP 19   SEP 20   SEP 21   SEP 22   SEP 23   SEP 24
  .        .        .        .        .        .        .        .

SEP 25   SEP 26   SEP 27   SEP 28   SEP 29   SEP 30
  .        .        .        .        .        .

              FOR CO USE ONLY: ENTER 3-DIGIT RO NUMBER ...
```

(1) INDICATE NOE; REPORT RANGE IN TERMINAL DIGITS: BEGINNING __ TO __. Entry is required in the BEGINNING field and the TO field. Only numbers are acceptable entries, from 00 to 99. The entry in the BEGINNING field must be a lower or equal number than the entry in the TO field. These fields should be used to enter the range of terminal digits for which NOES messages are wanted.

(2) PROCESSING DAY(S): XXX XX. The S12 screen will display 30 processing days in month-day format (i.e., JAN 09). The entry field for each processing day is located below the display legend. The only acceptable entry is "X." Entry in these PROCESSING DAY(S) fields causes printing of every Chapter 32 Notice of Exception generated on that day, for the range of digits specified.

(3) FOR CO USE ONLY: ENTER 3-DIGIT RO NUMBER. This field will be protected from entry.

d. NOES Prints. After the S12 Menu screen has been completed, depressing the Enter key will generate prints for each Notice of Exception, within the range of digits and processing days requested. Each Notice of Exception will be printed separately. After all Notices of Exception are printed for a day, a "summary" Notice of Exception will be printed. This "summary" print will show the processing day, station number, and the legend "TOTAL REJECTS FOR THIS CYCLE = NNN."

e. NOES Print Field Descriptions - S10 Screen

S10

NOTICE OF EXCEPTION --- EDUCATION - CHAPTER 32

PROCESSING DATE ... .. STATION NUMBER ...

FILE NUMBER ..... PAYEE NUMBER .. STUB NAME . . .....

REJECT MESSAGE CODE .... TRANSACTION CODE ...

UNASSOCIATED NUMBER ..... SEQUENCE NUMBER ..

BATCH NUMBER .... AMOUNT .....

REJECT MESSAGE LEGEND:

.....

(1) Processing Date. This field shows the month and day in which the Notice of Exception occurred.

(2) Station Number. This shows the number of the regional office which originated the action, or the regional office having jurisdiction of the claim.

(3) File Number. This field shows the claimant's social security number.

(4) Payee Number. This field shows the payee number associated with the beneficiary's account. It will always be "00" for Chapter 32 claimants.

(5) Stub Name. If the Notice of Exception was generated in transaction processing, this field will show the stub name entered in the transaction. If the Notice of Exception was generated during recurring payment processing or Bank processing, this field will show the master record stub name.

(6) Reject Message Code. This field shows the code number of the NOE being printed. A complete list of Chapter 32 NOE codes and legends is provided in exhibit 1.

(7) Transaction Code. This field identifies the action which generated the Notice of Exception. If the NOE was generated by recurring payment processing, the code will be "RPP". In all other instances, this field will show two digits followed by a single letter (i.e., 12B, 14C).

(8) Unassociated Number. This field will be blank or it will show a file number. If a file number is shown in this field, the Notice of Exception should be routed to the Finance activity for review.

(9) Sequence Number. This field will be blank, or it will contain a two-position indicator. If this field has an indicator shown, the Notice of Exception should be routed to the Finance activity for review.

(10) Batch Number. This field will be blank, or it will contain a four-position date code. If this field has an entry, the Notice of Exception should be routed to the Finance activity for review.

(11) Amount. This field will be blank, or it will contain a dollar amount representing unassociated money in the record. If this field has an entry, the Notice of Exception should be routed to the Finance activity for review.

(12) Reject Message Legend. This field will show a brief legend explaining the condition which caused generation of a Notice of Exception.

f. Notice of Deleted Award Lines in a Master Record. If processing at the Target Central System causes a record to contain more than 16 prior award lines, then the earliest award line or lines will be deleted from the master record. The amount of entitlement used in each deleted line is stored in the record and a Notice of Exception is generated. These Notices of Exception include a breakdown of all entitlement used in the award line or lines. Since the information is so extensive, it will not be printed under the NOES command. These "Deleted Priors" exceptions will be printed at the Hines DPC and mailed to the regional offices. Upon receipt, they should be filed in the claims folders. The NOE number is 8030; the legend is "INFO - M/R AWARD LINES DELETED."

5. Summary. The Target Central System provides Chapter 32 Reject Action and Information messages to regional offices. These messages are obtained through the NOES command, except for message 8030. Regional office personnel should obtain these Notices of Exception daily. The messages should be reviewed and action should be taken as necessary. The NOES should be filed in the claims folder upon completion of action.

CHAPTER 32 NOE CODES AND LEGENDS

| CODE | LEGEND |
|---|---|
| 1001 | REJECT - NO MATCHING M/R FILE NUMBER |
| 1002 | REJECT - NO MATCHING M/R PAYEE |
| 1003 | REJECT - TRANS STUB NAME DOES NOT MATCH M/R PAYEE STUB NAME |
| 1005 | REJECT - NO UNASSOCIATED RECORD FOUND |
| 1010 | REJECT - M/R IS TERMINATED |
| 1011 | REJECT - M/R IN SUSPENSE |
| 1020 | REJECT - M/R HAS CHANGED SINCE SUBMISSION |
| 1030 | REJECT - NOT FIDUCIARY CASE - NO BENEFITS M/R |
| 1100 | REJECT - M/R NEEDS ORIGINAL AWARD |
| 1101 | REJECT - COD NEEDED |
| 1102 | REJECT - INVALID EFFECTIVE REASON - AMEND DATE PRECEDES M/R |
| 1103 | REJECT - STOP DATE NOT IN AN AWARD PERIOD |
| 1104 | REJECT - NO AWARD SEGMENT IN M/R |
| 1105 | REJECT - WRONG TYPE M/R |
| 1106 | REJECT - EFF DATE BEFORE FIRST AWARD AND PRIOR ENT USED NOT 0 |
| 1107 | REJECT - EFF DATE BEFORE FIRST AWARD AND TRANS RSN NOT 75 |
| 1108 | REJECT - CERT NEEDED BEFORE ADVANCE PAY |
| 1109 | REJECT - AMENDED AWD EFF DATE AFTER SCHEDULED TERM |
| 1110 | REJECT - NOT ADVANCE PAY/NEED AWARD CONFIRMED |
| 1111 | REJECT - M/R NOT IN SUSPENSE |
| 1112 | REJECT - NO ADDRESS IN M/R |
| 1120 | REJECT - CERT REQUIRED TO LIFT SUSPENSE |
| 1121 | REJECT - M/R CONTAINS NOD |
| 1122 | REJECT - CERT DATE EXCEEDS DATE OF DEATH |

| CODE | LEGEND |
|---|---|
| 1123 | REJECT - DUPLICATE COD |
| 1124 | REJECT - NCD RECORD NOT ACTIVE OR OUTSTANDING CERT |
| 1125 | REJECT - CERT IS NOT IN AN AWARD PERIOD |
| 1126 | REJECT - CERT DATES INVALID |
| 1130 | REJECT - ABSENCE COMPUTE DATE LATER THAN DLC |
| 1131 | REJECT - ABSENCES EXCEED MAXIMUM ALLOWED |
| 1140 | REJECT - CANNOT PROCESS 14W TRANS - CONFIRM ENROLLMENT |
| 1300 | REJECT - TRANS AMT + M/R A/R EXCEEDS $99999.99 |
| 1301 | REJECT - TRANS AMT EXCEEDS A/R BALANCE |
| 1302 | REJECT - NO A/R AMT FOUND FOR THIS DED CODE |
| 1303 | REJECT - TRANS DED CODE/CLS DOES NOT MATCH A/R DED CODE/CLS |
| 1304 | REJECT - TRANS DED CLASS IS NOT EQUAL TO B |
| 1305 | REJECT - TRANS AMT EXCEEDS UNASSOCIATED AMT |
| 1306 | REJECT - UNASSOCIATED CLEARANCE AMT IS GREATER THAN 0 |
| 1307 | REJECT - TRANS AMT NOT EQUAL TO A/R BALANCE |
| 1308 | REJECT - NO UNASSOCIATED SEQUENCE NUMBER FOUND |
| 1309 | REJECT - TRANS PAYMENT AMT EXCEEDS ENT |
| 1310 | REJECT - ADJUSTMENT DATE NOT FOUND IN AWARD LINE |
| 1311 | REJECT - TRANS DED CLASS IS EQUAL TO C |
| 1312 | REJECT - NO A/R SEGMENT FOUND |
| 1313 | REJECT - TRANS DED AMT EQUALS M/R DED AMT |
| 1320 | ACTION - UNLIQUIDATED SPECIAL PAYMENT BALANCE |
| 1325 | REJECT - NO ACTIVE AWARD IN M/R |
| 1327 | REJECT - NO U860 UNASSOC RECORD FOUND FOR UNASSOC NUMBER |
| 1328 | REJECT - NO U870 SEGMENT FOUND FOR UNASSOC SEQ NUMBER |
| 1329 | REJECT - CLEARANCE AMOUNT CANNOT BE GREATER THAN TRANS AMT |

| CODE | LEGEND |
|---|---|
| 1331 | REJECT - CLEAR UNASSOCIATED TRANSACTION NOT VALID |
| 1400 | ACTION - COD NOT RECEIVED/CONFIRM ENROLLMENT |
| 1401 | ACTION - COD NOT RECEIVED/CONFIRM ENROLLMENT - 2ND NOTICE |
| 1402 | ACTION - COD NOT RECEIVED/CONFIRM ENROLLMENT - PRIORITY |
| 1403 | ACTION - TRANSACTION HITS TERMINATED M/R - REVIEW ENTROLLMENT |
| 1406 | ACTION - ADVANCE PAY APPLIED TO A/R CONFIRM ENTROLLMENT |
| 1410 | ACTION - NEED VERIF OF PURSUIT FROM MM-DD-YY, DLC |
| 1411 | ACTION - NEED VERIF OF PURSUIT FROM MM-DD-YY, DLC/2ND NOTICE |
| 1412 | ACTION - NEED VERIF OF PURSUIT FROM MM-DD-YY, DLC/PRIORITY |
| 1417 | ACTION - LUMP SUM 51B A/R ESTABLISHED - REVIEW ACCOUNT, ESTABLISH CONTROL |
| 1420 | ACTION - STOP REASON INDICATES DEATH OF CLAIMANT - NOD REQUIRED |
| 1421 | ACTION - STOP REASON INDICATES DEATH OF CLAIMANT REVIEW ACCRUAL NOD REQUIRED |
| 1500 | ACTION - MASS ENDING DATE NOT CHANGED - COD PENDING |
| 1501 | ACTION - MASS ENDING DATE NOT CHANGED - PAID LUMP SUM |
| 1502 | REJECT - CANNOT EXTEND ENDING DATE IN THIS RECORD |
| 2000 | REJECT - NOT A CORRECTABLE FIELD |
| 2001 | REJECT - TRANS VALUE NOT EQUAL TO M/R VALUE |
| 2002 | REJECT - ENTRIES INCONSISTENT WITH AWARD DATA |
| 2003 | REJECT - SCHOOL CODE INCONSISTENT WITH TYPE TRAINING |
| 2004 | REJECT - A/R CODE INCONSISTENT WITH M/R DATA |
| 2005 | REJECT - TRANS DED CODE/CLASS NOT 62P |
| 2006 | INFO - 62P ALREADY EXISTS |
| 2008 | REJECT - ADJUSTMENT CODE 1, 2 OR 3 CANNOT PROCESS AGAINST "A" TYPE M/R |
| 2009 | REJECT - TRANSACTION CANNOT PROCESS AGAINST "A" TYPE M/R |

| CODE | LEGEND |
|---|---|
| 2012 | REJECT - NUMBER ADDRESS LINE FIELDS WAS NON-NUMERIC, ZERO, ONE OR NEGATIVE |
| 2016 | REJECT - OVER 16 TRANSACTION AWARD LINES |
| 2017 | REJECT - REENTRANCE AWARD WOULD CREATE EXCESSIVE FUTURE LINES |
| 2020 | REJECT - NO ADDRESS IN TRANSACTION |
| 2026 | REJECT - HEADER RECORD 00B WITH INPUT TRANS |
| 2035 | REJECT - FILE IDENTIFIER |
| 2036 | REJECT - INVALID ADDRESS INDICATOR |
| 2037 | REJECT - INVALID NUMBER OF SEGMENTS ENTERED - SHOULD NOT EXCEED (7) SEVEN ENTRIES |
| 2038 | REJECT - INVALID LEGEND ENTERED |
| 2039 | REJECT - INVALID CREDIT STATION |
| 2040 | REJECT - INVALID A/R CODE |
| 2041 | REJECT - INVALID DED CODE/CLASS |
| 2042 | REJECT - INVALID DEBIT STATION |
| 2043 | REJECT - INVALID DECIMAL SUFFIX |
| 2044 | REJECT - INVALID ORIGINAL TRANSACTION |
| 2045 | REJECT - INVALID ADJUSTMENT CODE |
| 2046 | REJECT - INVALID DEBIT AMOUNT |
| 2047 | REJECT - INVALID INPUT ID |
| 2048 | REJECT - INVALID DATE |
| 2049 | REJECT - INVALID NUMBER OF ITEMS |
| 2050 | REJECT - INVALID COMPETENCY |
| 2051 | REJECT - INVALID TRAINING TYPE FOR CH32 |
| 2052 | REJECT - INVALID JDAY ENTERED |
| 2053 | REJECT - INVALID BENEFIT INDICATOR |
| 2054 | REJECT - INVALID A/R AMOUNT |

| CODE | LEGEND |
|---|---|
| 2055 | REJECT - INVALID DOC TYPE |
| 2056 | REJECT - INVALID DISCOVERY DATE |
| 2057 | REJECT - INVALID ADJ DATE |
| 2058 | REJECT - INVALID SOC SEC NO |
| 2059 | REJECT - INVALID NR-OF-SVC |
| 2060 | REJECT - INVALID DEDUCTION AMT |
| 2061 | REJECT - INVALID BENEFIT TYPE |
| 2062 | REJECT - INVALID UNASSOC NO |
| 2063 | REJECT - INVALID UNASSOC SEQ NO |
| 2064 | REJECT - INVALID REFERENCE NO |
| 2065 | REJECT - INVALID APPRO CODE |
| 2066 | REJECT - INVALID COST CODE |
| 2067 | REJECT - INVALID PYMT AMT |
| 2068 | REJECT - INVALID ADDRESS |
| 2069 | REJECT - INVALID ZIP CODE |
| 2070 | REJECT - PYMT AMT EXCEEDS MAX BALANCE |
| 2071 | REJECT - INVALID DED CODE/CLASS |
| 2072 | REJECT - INVALID ADJ AMT |
| 2073 | REJECT - INVALID COLLECTION AMT |
| 2074 | REJECT - INVALID INC OR DEC |
| 2075 | REJECT - INVALID DOCUMENT ID |
| 2076 | REJECT - INVALID AMT ENTERED |
| 2077 | REJECT - INVALID VOUCHER NO |
| 2078 | REJECT - INVALID ENTRY INPUT OF CORRECTION DATA IS NOT ALLOWED - SYCOR |
| 2079 | REJECT - INVALID TRANSACTION CODE |
| 2080 | REJECT - INVALID PAID DATE |

| CODE | LEGEND |
|---|---|
| 2081 | REJECT - INVALID ACCTG TRANS CODE |
| 2082 | REJECT - INVALID D 0 SYMBOL |
| 2083 | REJECT - INVALID ACTION CODE |
| 2084 | REJECT - INVALID CHECK NUMBER |
| 2085 | REJECT - INVALID CHECK AMOUNT |
| 2086 | REJECT - INVALID DATE OF CHECK |
| 2087 | REJECT - INVALID RETURN CHECK DATE |
| 2088 | REJECT - INVALID ACTION REASON |
| 2089 | REJECT - INVALID PARTIAL CLEARANCE AMT |
| 2090 | REJECT - INVALID CYCLE DATE |
| 2091 | REJECT - INVALID DEBIT ACCOUNT NUMBER |
| 2092 | REJECT - INVALID CREDIT ACCOUNT NUMBER |
| 2093 | REJECT - INVALID COST AMOUNT ENTERED |
| 2094 | REJECT - INVALID BY PASS EDIT |
| 2095 | REJECT - INVALID FILE NUMBER |
| 2096 | REJECT - INVALID PAYEE NUMBER |
| 2097 | REJECT - INVALID STATION NUMBER |
| 2098 | REJECT - INVALID PAYEE STUB NAME |
| 2099 | REJECT - INVALID ACTION DATE |
| 2100 | REJECT - ELIGIBILITY NOT INDICATED BY ENTRIES |
| 2110 | REJECT - CANNOT IDENTIFY PROPER AWARD SEGMENT |
| 2111 | REJECT - ADJUSTMENT DATE NOT FOUND IN AWARD LINES |
| 2120 | REJECT - ADVANCE PAYMENT CANNOT BE PAID - OVER 30 DAYS OLD |
| 2121 | INFO - NO ADVANCE PAY LETTER ISSUED |
| 2900 | ACTION - NO AWARD SEGMENT IN M/R |
| 2950 | ACTION - REVIEW AWARDS - CONTRIBUTIONS ADJUSTED FOR MMM YY |

| CODE | LEGEND |
|---|---|
| 2951 | ACTION - AWARD SUSPENDED FOR CONTRIBUTIONS ADJUSTMENT |
| 2952 | ACTION - ALLOTMENT REC'D AMENDED AWD REQUIRED |
| 3000 | ACTION - CH 32 CONTRIBUTIONS NOT YET REFUNDED |
| 3001 | ACTION - CH 32 CONTRIBUTIONS NOT YET REFUNDED - POSSIBLE ACCRUED |
| 3004 | REJECT - DUPLICATE CH 32 RECORD EXISTS/CONTACT HINES FINANCE |
| 3005 | REJECT - NO BANK MASTER IN FILE |
| 3006 | REJECT - RECORD CANNOT BE ADJUSTED BY VA |
| 3010 | REJECT - LESS THAN 3 MONTHS CONTRIBUTIONS |
| 3011 | REJECT - NO CONTRIBUTIONS |
| 3020 | ACTION - CH 32 BANK RECORD OUT-OF-BALANCE/NEEDS SPECIAL PAY |
| 3021 | ACTION - CH 32 BANK RECORD OUT-OF-BALANCE HAS BEEN CORRECTED |
| 3030 | REJECT - TRANS AMT EXCEEDS REMAINING ENT-MONTHS |
| 3031 | REJECT - TRANS AMT EXCEEDS REMAINING ENT-PARTIC CONTRIB |
| 3032 | REJECT - TRANS AMT EXCEEDS REMAINING ENT-DOD CONTRIB |
| 3033 | REJECT - TRANS AMT EXCEEDS ENT MONTHS USED |
| 3034 | REJECT - TRANS AMT EXCEEDS PARTIC ENT USED |
| 3035 | REJECT - TRANS AMT EXCEEDS DOD ENT USED |
| 3040 | REJECT - COMPUTED PAY STATUS INVALID |
| 8000 | INFO - M/R NOT AFFECTED BY MASS ENDING DATE CHANGE |
| 8001 | INFO - CAN'T ISSUE CERT OF A TT/TRNG FOR A PERIOD BEG DATE XX/XX/XX END DATE XX/XX/XX |
| 8004 | INFO - 870 SEGMENT PARTIALLY CLEARED - AMT REMAINING NEEDS TO BE CLEARED |
| 8005 | INFO - TRANS AMT + M/R A/R EXCEEDS $9,999.99 - CLR UNASSOCIATED |
| 8006 | INFO - NO OTHER A/Rs FOUND TO WHICH MONEY CAN BE APPLIED - CLR UNASSOC |

| CODE | LEGEND |
|---|---|
| 8007 | INFO - A/R BALANCE LESS THAN TRANS AMT - CLR UNASSOC |
| 8008 | INFO - NO A/R AMT FOUND FOR THIS DED/CODE & CLASS - CLR UNASSOC |
| 8009 | INFO - NO A/R EXISTS FOR THIS M/R - CLR UNASSOC |
| 8010 | INFO - NEW UNASSOCIATED SEGMENT CREATED |
| 8011 | INFO - RETURNED CHECK APPLIED TO ACCTS REC |
| 8012 | ACTION - PROCEEDS ESTABLISHED - REVIEW CASE |
| 8013 | ACTION - PAYEE DECEASED - ACCRUAL SEGMENT ESTABLISHED |
| 8014 | INFO - M/R SUSPENDED - RET CK FOR NON-ENTITL - REVIEW CASE |
| 8015 | ACTION - REVIEW 61C OR 63C DED AMOUNTS FOR POSSIBLE INCREASE |
| 8017 | INFO - UNASSOCIATED AMOUNT CLEARED |
| 8019 | INFO - DEDUCT AMT ESTABLISHED FOR LESS THAN INPUT AMT |
| 8020 | INFO - TRANS DEDUCT AMT EXCEEDS DEDUCT OR CK AMT IN M/R |
| 8021 | INFO - A/R BALANCE LESS THAN DEDUCT AMT |
| 8022 | INFO - 61C OR 63C DEDUCTION AMOUNT REDUCED |
| 8023 | INFO - A/R COMPUTER GENERATED - REVIEW DEDUCTION AGREEMENT |
| 8024 | ACTION - NAME CHANGED TO (NEW STUB) AND (NEW 20 POS NAME) |
| 8025 | ACTION - FILE NUMBER CHANGED TO (NEW FILE NUMBER) |
| 8026 | ACTION - REVIEW CASE - POSSIBLE AMENDED AWARD REQ - EFFECTIVE DATE MM/DD/YY |
| 8030 | INFO - M/R AWARD LINES DELETED |
| 8031 | INFO - AWARD EXCEEDED ENTITLEMENT - ADJUSTED |
| 8032 | INFO - AWARD EXCEEDED DELIMITING DATE - ADJUSTED |
| 8033 | INFO - AWARD END REASON IS 65 - ADD'L CONTRIBUTIONS REC'D |
| 8901 | INFO - ONE TIME PAYMENT MADE BY RO |
| 8902 | INFO - ENTITLEMENT ADJUSTMENT MADE BY RO |
| 9000 | SYSTEM - TRANS REJECTED/DIARY PENDING HINES CORRECTION |

| CODE | LEGEND |
|---|---|
| 9002 | SYSTEM - ACCTG WRITES DO NOT BALANCE TO FISCAL INPUT (AAC COMMON) |
| 9004 | SYSTEM - NO FUTURE AWARD SEGMENT |
| 9009 | SYSTEM - UNASSOCIATED SEGMENTS EXCEED 99 |
| 9010 | SYSTEM - CONTROL SEGMENT IS MISSING |
| 9011 | SYSTEM - CONTROL MASTER DETAIL RECORD DOES NOT BALANCE WITH AAC RECORD |
| 9015 | SYSTEM - INVALID TREASURY EOJ SWITCH |
| 9016 | SYSTEM - CHECK AMT NOT GREATER THAN 0 |
| 9020 | SYSTEM - INVALID COST CODE IN M/R |
| 9021 | SYSTEM - INVALID TRAINING TYPE IN M/R |
| 9022 | SYSTEM - INVALID TREASURY CODE |

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## CHAPTER 32 GENERATED LETTERS

1. Purpose. This appendix provides information on chapter 32 computer-generated letters for awards and terminations in the Target System.

2. General. Letters informing veterans and servicepersons of awards and of changes in educational assistance under chapter 32 are computer generated for most award and termination transactions. Letters are also generated for special conditions such as for delinquent certifications.

3. Copies. The original of a generated letter is mailed to the payee and a copy is referred to the regional office for drop-filing in the payee's claims folder. If a valid power of attorney has been established in the master record, two additional copies will be referred to the regional office for release by the Administrative activity to the holder of the power of attorney.

4. Suppression of Generated Letter

a. There are instances when a generated letter should be suppressed and a dictated letter sent. A generated letter should be suppressed if:

(1) It will not be completely informative; and

(2) The letters from multiple transactions processed sequentially will be misleading; for example, a stop-payment transaction followed by a reentrance award.

b. If a generated letter will not be appropriate for a transaction entered on a Target VDT, the letter must be suppressed by checking the LETTER SUPPRESSOR indicator on the 501 Authorization screen for award actions or on the 406 screen for stop-payment actions.

5. Letter Not Generated. Letters will not be generated for chapter 32 disallowances, for correspondence or flight training, or for elementary or secondary training when there is no entitlement charge and reimbursement is for tuition and fees. Target processing does not exist at this time for these transactions.

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Exhibit 1

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ORIGINAL OR REENTRANCE IHL/NCD AWARD LETTER

A letter is generated from the processing of an original or reentrance award provided that no conditions exist in the master record or in the data that is entered which would preclude issuance of a letter. The paragraphs and the selection criteria for the paragraphs shown on an original or reentrance IHL/NCD award letter are as follows:

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 1. YOU HAVE BEEN AWARDED EDUCATIONAL ASSISTANCE AS DESCRIBED BELOW. CHECK EACH ITEM AND PROMPTLY NOTIFY THE VA IF ANY INFORMATION IS INCORRECT. | ALL AWARDS |
| 2. MONTHLY RATE TRAINING TIME BEGINNING ENDING<br>$XXX.XX XXXXXXXXXXXX XX-XX-XX XX-XX-XX<br>(Maximum of 16 beginning dates printed; if more than 16 dates, a notice will be issued to stations to notify the payee by dictated letter of information beyond the last date printed.) | ALL AWARDS |
| 3. THE RATES SHOWN ABOVE ARE PROJECTED ON THE BASIS THAT YOU WILL CONTINUE TO CONTRIBUTE THE SAME MONTHLY AMOUNT TO THE PROGRAM. IF YOU CHANGE THE AMOUNT OF YOUR MONTHLY CONTRIBUTIONS, THE ABOVE RATES MAY ALSO CHANGE. | PAYEE IS SERVICE-PERSON |
| 4. YOU WILL RECEIVE A CHECK IN THE NEAR FUTURE FOR THE INITIAL AMOUNT DUE YOU. IF YOU DISCONTINUE TRAINING DURING THE PERIOD COVERED BY THIS CHECK, YOU ARE NOT ENTITLED TO FULL PAYMENT AND THE CHECK SHOULD BE RETURNED FOR ISSUANCE OF AN ADJUSTED PAYMENT. | ORIGINAL AWARDS--NOT ADVANCE PAYMENT |
| 5. YOU WILL BE PAID THE INITIAL AMOUNT DUE IN THE NEAR FUTURE. ANY OVERPAYMENT EXISTING WHEN YOU REENROLLED WILL BE WITHHELD FROM YOUR PAYMENT(S) UNTIL THE AMOUNT OWED IS RECOVERED. | REENTRANCE AWARDS--NOT ADVANCE PAYMENT |
| 6. AN ADVANCE PAYMENT FOR THE PERIOD THROUGH _____ WILL BE MAILED TO YOUR SCHOOL FOR DELIVERY TO YOU WHEN YOU REGISTER BUT NOT MORE THAN 30 DAYS BEFORE THE BEGINNING DATE OF THE TERM. | ORIGINAL ADVANCE PAYMENT AWARDS |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 7. AN ADVANCE PAYMENT FOR THE PERIOD THROUGH _____ WILL BE MAILED TO YOUR SCHOOL FOR DELIVERY TO YOU WHEN YOU REGISTER, BUT NOT MORE THAN 30 DAYS BEFORE THE BEGINNING DATE OF THE TERM. ANY OVERPAYMENT EXISTING WHEN YOU REENROLLED WILL BE WITHHELD FROM YOUR PAYMENT(S) UNTIL THE AMOUNT OWED IS RECOVERED. | REENTRANCE ADVANCE PAYMENT AWARDS IF THE ADVANCE PAYMENT WILL BE ISSUED |
| 8. YOU HAVE BEEN AUTHORIZED AN ADVANCE PAYMENT FOR THIS ENROLLMENT. HOWEVER, BECAUSE THE OVERPAYMENT WHICH EXISTS EXCEEDS THE AMOUNT THAT CAN BE PAID AT THIS TIME, NO PAYMENTS CAN BE MADE UNTIL THE AMOUNT OWED IS RECOVERED. | REENTRANCE ADVANCE PAYMENT AWARDS IF NO ADVANCE PAYMENT WILL BE ISSUED-- A/R BALANCE EQUALS OR EXCEEDS ADVANCE PAYMENT |
| 9. IF YOU CONTINUE IN SCHOOL, MONTHLY PAYMENTS WILL BE MAILED TO YOU AT THE BEGINNING OF EACH MONTH FOR THE PRECEDING MONTH'S TRAINING. IF YOUR ACTUAL ATTENDANCE IS DISCONTINUED BEFORE THE END OF A MONTH, YOU WILL NOT BE ENTITLED TO THE PAYMENT AUTHORIZED FOR THAT MONTH. FURTHER, YOUR PAYMENTS WILL BE TERMINATED EFFECTIVE THE BEGINNING DATE OF COURSES FROM WHICH YOU WITHDRAW OR COURSES NOT USED TO COMPUTE GRADUATION REQUIREMENTS UNLESS MITIGATING OR EXTENUATING CIRCUMSTANCES ARE SHOWN. YOU MUST PROMPTLY NOTIFY THE VA AND YOUR SCHOOL OF ANY CHANGE IN YOUR ENROLLMENT. PERIODICALLY, WE WILL VERIFY YOUR CONTINUED ENROLLMENT. | ALL IHL AWARDS |
| 10. IF YOUR ATTENDANCE IS DISCONTINUED BEFORE THE END OF A MONTH, YOU WILL NOT BE ENTITLED TO FULL PAYMENT FOR THAT MONTH. WHEN REQUIRED, A CERTIFICATION CARD WILL BE INCLUDED WITH YOUR CHECK. YOU AND AN AUTHORIZED OFFICIAL OF YOUR SCHOOL SHOULD COMPLETE EACH CARD WHEN ISSUED TO CERTIFY YOUR ATTENDANCE. FAILURE TO COMPLETE AND RETURN A CARD WILL DELAY YOUR PAYMENTS. | ALL NCD AWARDS |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 11. YOU ARE ALLOWED A MAXIMUM OF 30 DAYS OF ABSENCES FOR A COURSE 12 MONTHS IN LENGTH IF YOU ATTEND 5 DAYS EACH WEEK. FOR COURSES SHORTER IN LENGTH OR PURSUED AT A LESSER RATE OF ATTENDANCE EACH WEEK, THE MAXIMUM ABSENCES ALLOWABLE ARE COMPUTED ON A PROPORTIONATE BASIS. IF YOU EXCEED THE MAXIMUM ABSENCES ALLOWABLE, YOUR BENEFITS WILL BE REDUCED. | ALL NCD CASES |
| 12. YOUR ORIGINAL ENTITLEMENT IS ___ MONTHS WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. YOUR ENTITLEMENT IS BASED ON THE CONTRIBUTIONS YOU MADE WHILE IN SERVICE, MATCHING FUNDS BY THE VETERANS ADMINISTRATION, AND CONTRIBUTIONS MADE FOR YOU BY YOUR SERVICE. YOU MAY AT ANY TIME ELECT TO DISENROLL FROM THIS PROGRAM AND REQUEST REFUND OF THE MONEY YOU HAVE CONTRIBUTED RATHER THAN RECEIVE EDUCATIONAL ASSISTANCE. | ALL ORIGINAL AWARDS |
| 13. YOU HAVE UNTIL _____ TO USE YOUR ENTITLEMENT. IF YOU HAVE ANY CONTRIBUTIONS REMAINING AT THAT TIME, THESE CONTRIBUTIONS WILL BE REFUNDED TO YOU UPON YOUR REQUEST. THEREFORE, IT IS IMPORTANT THAT YOU NOTIFY THE VETERANS ADMINISTRATION OF ANY CHANGE IN YOUR ADDRESS EVEN THOUGH YOU MAY NOT BE IN SCHOOL. | ALL AWARDS FOR VETERANS |
| 14. AS OF THE ENDING DATE OF THIS AWARD, YOUR REMAINING ENTITLEMENT WILL BE ___MONTHS ___DAYS WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | ALL AWARDS FOR VETERANS |
| 15. AS OF THE ENDING DATE OF THIS AWARD, YOU WILL HAVE USED ____ MONTHS ____ DAYS WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | ALL AWARDS FOR SERVICEPERSONS |
| 16. IF THE DATES SHOWN ABOVE INCLUDE ANY BREAKS BETWEEN SCHOOL TERMS, YOU MAY ASK THIS OFFICE NOT TO PAY BENEFITS TO YOU DURING SUCH BREAKS. THIS REQUEST WOULD HAVE THE ADVANTAGE OF CONSERVING ENTITLEMENT FOR YOUR FUTURE USE. AS IT NOW STANDS, YOU | ALL AWARDS |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| WILL RECEIVE MORE MONEY DURING THIS ENROLLMENT PERIOD, BUT WILL HAVE LESS ENTITLEMENT AVAILABLE FOR FUTURE ENROLLMENT PERIODS. | |
| 17. YOU MUST MAINTAIN SATISFACTORY PROGRESS AND CONDUCT IN YOUR PROGRAM OF EDUCATION OR TRAINING TO RECEIVE CONTINUED EDUCATIONAL BENEFITS. | ALL AWARDS |
| 18. INITIATION OF THIS PROGRAM WILL BE YOUR FIRST AND ONLY OPTIONAL CHANGE OF PROGRAM. ANOTHER CHANGE OF PROGRAM CANNOT BE APPROVED UNLESS IT IS SHOWN TO BE SUITABLE TO YOUR APTITUDES, INTERESTS AND ABILITIES. | FIRST CHANGE OF PROGRAM |
| 19. INITIATION OF THIS PROGRAM WILL BE YOUR SECOND CHANGE OF PROGRAM. GENERALLY, THIS IS THE LAST CHANGE PERMITTED BY LAW. NO ADDITIONAL CHANGE OF PROGRAM CAN BE CONSIDERED UNLESS ANOTHER CHANGE IS REQUIRED BY CIRCUMSTANCES BEYOND YOUR CONTROL AND THE PROPOSED CHANGE IS SHOWN TO BE SUITABLE TO YOUR APTITUDES, INTERESTS AND ABILITIES. | SECOND CHANGE OF PROGRAM |
| 20. THE NEXT CHANGE OF PROGRAM WILL BE PERMITTED ONLY IF IT IS NECESSITATED BY CIRCUMSTANCES BEYOND YOUR CONTROL AND IF THE PROPOSED CHANGE IS SHOWN TO BE SUITABLE TO YOUR APTITUDES, INTERESTS AND ABILITIES. | THIRD CHANGE OF PROGRAM |
| 21. PROMPTLY NOTIFY US OF ANY CHANGE IN YOUR ENROLLMENT OR ADDRESS. | ALL AWARDS |

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Exhibit 2

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SUPPLEMENTAL AWARD LETTER

A letter is generated from the processing of an amended award. The paragraphs and the selection criteria for the paragraphs shown on a supplemental award letter are as follows:

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 1. YOUR EDUCATIONAL ASSISTANCE HAS BEEN CHANGED AS SHOWN BELOW. | ALL AWARDS |
| 2. OLD RATE BEGINNING ENDING NEW RATE BEGINNING ENDING<br>$XXX.XX XX-XX-XX XX-XX-XX $XXX.XX XX-XX-XX XX-XX-XX<br>(Maximum of 16 beginning dates printed; if more than 16 dates, a notice will be issued to stations to notify the payee by dictated letter of information beyond the last date printed.) | ALL AWARDS |
| 3. YOU WILL BE NOTIFIED BY SEPARATE LETTER OF AWARD DATES BEYOND XX-XX-XX. | MORE THAN 16 BEGINNING DATES IN PARAGRAPH 2 |
| 4. THIS AMENDMENT TO YOUR AWARD REFLECTS A CHANGE IN YOUR TRAINING TIME ON THE FOLLOWING DATE(S).<br>_____; _____; _____; _____<br>(Paragraph will not be printed if more than 16 dates.) | AMENDED AWARD WITH REASON CODE 70 |
| 5. THIS AMENDMENT TO YOUR AWARD REFLECTS A CHANGE IN YOUR BEGINNING DATE TO _____. | BEGINNING REASON IS 75 |
| 6. AS OF _____, YOUR REMAINING ENTITLEMENT WILL BE ____ MONTHS ____ DAYS WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. YOUR ENTITLEMENT MUST BE USED BEFORE _____. | ALL AWARDS FOR VETERANS |
| 7. AS OF _____, YOU WILL HAVE USED ____ MONTHS ____ DAYS OF ENTITLEMENT WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | ALL AWARDS FOR SERVICEPERSONS |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 8. THIS CHANGE HAS RESULTED IN AN OVERPAYMENT OF $_____. WE WILL WITHHOLD THE OVERPAYMENT FROM YOUR CURRENT PAY UNTIL THE AMOUNT OWED HAS BEEN RECOVERED. | A/R CREATED; AWARD NOT TERMINATED |
| 9. THIS CHANGE HAS RESULTED IN AN OVERPAYMENT OF $_____. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOWN AT THE TOP OF THIS LETTER. | A/R CREATED; AWARD TERMINATED |
| 10. THIS CHANGE HAS RESULTED IN AN OVERPAYMENT OF $_____ WHICH WILL BE ADDED TO THE BALANCE OF YOUR EXISTING INDEBTEDNESS AND MUST ALSO BE REPAID. YOUR CURRENT INDEBTEDNESS IS NOW $_____ LESS ANY AMOUNTS RECENTLY REMITTED. WE WILL WITHHOLD THE OVERPAYMENT FROM YOUR CURRENT PAY UNTIL THE AMOUNT OWED HAS BEEN RECOVERED. | A/R CREATED AND ADDED TO PREVIOUS A/R; AWARD NOT TERMINATED |
| 11. THIS CHANGE HAS RESULTED IN AN OVERPAYMENT OF $_____ WHICH WILL BE ADDED TO THE BALANCE OF YOUR EXISTING INDEBTEDNESS AND MUST ALSO BE REPAID. YOUR CURRENT INDEBTEDNESS IS NOW $_____ LESS ANY AMOUNTS RECENTLY REMITTED. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOWN AT THE TOP OF THIS LETTER. | A/R CREATED AND ADDED TO PREVIOUS A/R; AWARD TERMINATED |
| 12. THIS CHANGE HAS RESULTED IN REDUCING YOUR EXISTING OVERPAYMENT BY $_____. YOUR CURRENT INDEBTEDNESS IS NOW $_____ LESS ANY AMOUNTS RECENTLY REMITTED. WE WILL WITHHOLD THE OVERPAYMENT FROM YOUR CURRENT PAY UNTIL THE AMOUNT OWED HAS BEEN RECOVERED. | AWARD REDUCES A/R BALANCE; AWARD NOT TERMINATED |
| 13. THIS CHANGE HAS RESULTED IN REDUCING YOUR EXISTING OVERPAYMENT BY $_____. YOUR CURRENT INDEBTEDNESS IS NOW $_____ LESS ANY AMOUNTS RECENTLY REMITTED. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOWN AT THE TOP OF THIS LETTER. | AWARD REDUCES A/R BALANCE; AWARD TERMINATED |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 14. YOU MAY REQUEST A WAIVER OF THIS DEBT AS WE CAN, UNDER CERTAIN CIRCUMSTANCES, WAIVE REPAYMENT. HOWEVER, YOU MUST SHOW THAT YOU WERE NOT RESPONSIBLE FOR THE CREATION OF THIS DEBT AND, THEREFORE, SHOULD NOT BE REQUIRED TO PAY IT. YOU MAY ALSO REQUEST AN ORAL HEARING ON YOUR REQUEST FOR WAIVER BEFORE WE MAKE A DECISION. YOUR CURRENT OR FUTURE BENEFITS WILL BE AUTOMATICALLY WITHHELD UNLESS YOU APPLY FOR WAIVER OF THIS DEBT WITHIN TWENTY (20) DAYS FROM THE DATE OF THIS LETTER. IF YOU DO NOT FILE A WAIVER REQUEST WITHIN (20) DAYS, YOU MAY STILL FILE A REQUEST ANY TIME WITHIN TWO (2) YEARS FROM THE DATE OF THIS LETTER. ANY BENEFITS THAT ARE WITHHELD CAN BE REFUNDED IF YOUR WAIVER IS GRANTED, BUT YOU MUST REQUEST WAIVER WITHIN TWENTY (20) DAYS TO AVOID WITHHOLDING OF BENEFITS. | A/R CREATED |
| 15. A REQUEST FOR WAIVER CANNOT BE EFFECTIVELY CONSIDERED UNLESS IT IS ACCOMPANIED BY A COMPLETE STATEMENT OF YOUR FINANCIAL STATUS. IF YOU WISH, A VETERANS SERVICES REPRESENTATIVE AT THIS OFFICE WILL HELP YOU PREPARE A REQUEST FOR WAIVER. WE ARE PROHIBITED BY LAW FROM OFFSETTING ANY PORTION OF YOUR REMAINING CONTRIBUTIONS TO SATISFY THIS DEBT. HOWEVER, WHEN YOU WITHDRAW FROM THIS PROGRAM OR REACH YOUR TEN (10) YEAR DELIMITING DATE, SUCH OFFSET WILL BE AUTOMATIC IF REPAYMENT HAS NOT BEEN MADE. YOUR PROMPT ATTENTION TO THIS MATTER WILL BE APPRECIATED. | A/R CREATED |

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UNSCHEDULED TERMINATION LETTER

A letter is generated from processing a termination by a current or retroactive stop payment, a quit certification, a computer-generated termination, or a termination due to a delinquent certification of delivery card for NCD advance payment cases. The paragraphs and corresponding selection criteria for unscheduled termination letters are as follows:

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 1. YOUR EDUCATIONAL ASSISTANCE HAS BEEN DISCONTINUED EFFECTIVE_____. | ALL TERMINATIONS |
| 2. THIS TERMINATION IS BASED ON THE RECENT REPORT THAT YOU TERMINATED YOUR ATTENDANCE AS OF THAT DATE. | TERMINATION REASON CODE IS 64 |
| 3. THIS TERMINATION IS MADE BECAUSE WE HAVE NOT RECEIVED A CONFIRMATION OF YOUR ENROLLMENT FROM THE SCHOOL. IF YOU ACTUALLY ENROLLED IN SCHOOL AS PLANNED, YOU SHOULD ASK THE APPROPRIATE OFFICIAL AT THE SCHOOL TO PROMPTLY SUBMIT AN ENROLLMENT CERTIFICATION. | VA FORM 22-1999V NOT RETURNED FOR ADVANCE PAYMENT NCD AWARD |
| 4. AS OF THE DATE OF TERMINATION, YOUR REMAINING ENTITLEMENT IS ____ MONTHS ____ DAYS WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. YOUR ENTITLEMENT MUST BE USED BEFORE _____. | PAYEE IS VETERAN |
| 5. AS OF THE DATE OF TERMINATION, YOU HAVE USED _____ MONTHS _____ DAYS OF ENTITLEMENT WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | PAYEE IS SERVICEPERSON |
| 6. YOU WERE PAID FROM _____ AS SHOWN BELOW.<br><br>MONTHLY RATE BEGINNING ENDING<br>$XXX.XX XX-XX-XX XX-XX-XX<br><br>(Paragraph will not be printed if more than 16 beginning dates.) | A/R CREATED |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 7. THIS CHANGE HAS RESULTED IN AN OVERPAYMENT OF $_____. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOWN AT THE TOP OF THIS LETTER. | A/R CREATED |
| 8. THIS CHANGE HAS RESULTED IN AN OVERPAYMENT OF $_____ WHICH WILL BE ADDED TO THE BALANCE OF YOUR EXISTING INDEBTEDNESS AND MUST ALSO BE REPAID. YOUR CURRENT INDEBTEDNESS IS NOW $_____ LESS ANY AMOUNTS RECENTLY REMITTED. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOWN AT THE TOP OF THIS LETTER. | A/R CREATED AND ADDED TO PREVIOUS A/R |
| 9. YOU MAY REQUEST A WAIVER OF THIS DEBT AS WE CAN, UNDER CERTAIN CIRCUMSTANCES, WAIVE REPAYMENT. HOWEVER, YOU MUST SHOW THAT YOU WERE NOT RESPONSIBLE FOR THE CREATION OF THIS DEBT AND, THEREFORE, SHOULD NOT BE REQUIRED TO PAY IT. YOU MAY ALSO REQUEST AN ORAL HEARING ON YOUR REQUEST FOR WAIVER BEFORE WE MAKE A DECISION. YOUR CURRENT OR FUTURE BENEFITS WILL BE AUTOMATICALLY WITHHELD UNLESS YOU APPLY FOR WAIVER OF THIS DEBT WITHIN TWENTY (20) DAYS FROM THE DATE OF THIS LETTER. IF YOU DO NOT FILE A WAIVER REQUEST WITHIN (20) DAYS, YOU MAY STILL FILE A REQUEST ANY TIME WITHIN TWO (2) YEARS FROM THE DATE OF THIS LETTER. ANY BENEFITS THAT ARE WITHHELD CAN BE REFUNDED IF YOUR WAIVER IS GRANTED, BUT YOU MUST REQUEST WAIVER WITHIN TWENTY (20) DAYS TO AVOID WITHHOLDING OF BENEFITS. | A/R CREATED |
| 10. A REQUEST FOR WAIVER CANNOT BE EFFECTIVELY CONSIDERED UNLESS IT IS ACCOMPANIED BY A COMPLETE STATEMENT OF YOUR FINANCIAL STATUS. IF YOU WISH, A VETERANS SERVICES REPRESENTATIVE AT THIS OFFICE WILL HELP YOU PREPARE A REQUEST FOR WAIVER. WE ARE PROHIBITED BY LAW FROM OFFSETTING ANY PORTION OF YOUR REMAINING CONTRIBUTIONS TO SATISFY THIS DEBT. HOWEVER, WHEN YOU WITHDRAW FROM THIS PROGRAM OR REACH YOUR TEN (10) YEAR DELIMITING DATE, SUCH OFFSET WILL BE AUTOMATIC IF REPAYMENT HAS NOT BEEN MADE. YOUR PROMPT ATTENTION TO THIS MATTER WILL BE APPRECIATED. | A/R CREATED |

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RETURNED ADVANCE PAYMENT CHECK LETTER

A returned advance payment check letter is generated if an advance payment check is returned and is processed with return reason code 7. The paragraphs and the selection criteria for the paragraphs shown on the returned advance payment check letter are as follows:

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 1. SINCE THE ADVANCE PAYMENT CHECK FOR YOUR ENROLLMENT BEGINNING _____ HAS BEEN RETURNED, WE HAVE CANCELLED YOUR EDUCATIONAL ASSISTANCE FOR THIS ENROLLMENT PERIOD. | ALL |
| 2. IF YOU HAVE ACTUALLY ENROLLED OR PLAN TO ENROLL LATER, YOU SHOULD ASK THE APPROPRIATE SCHOOL OFFICIAL TO CERTIFY YOUR ENROLLMENT TO US. THE SCHOOL WILL HAVE THE NECESSARY FORMS TO USE FOR THIS CERTIFICATION. | ALL |
| 3. SINCE YOUR ALLOWANCE FOR THIS ENROLLMENT PERIOD HAS BEEN CANCELLED, YOU NOW HAVE _____ MONTHS _____ DAYS REMAINING ENTITLEMENT WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | PAYEE IS VETERAN |
| 4. SINCE YOUR ALLOWANCE FOR THIS ENROLLMENT PERIOD HAS BEEN CANCELLED, YOU NOW HAVE USED _____ MONTHS _____ DAYS ENTITLEMENT WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | PAYEE IS SERVICEPERSON |

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DELINQUENT CERTIFICATION OF DELIVERY LETTER

A delinquent certification of delivery letter is generated by special processing in the first month following the effective month of an NCD advance payment award if the advance payment bar is set. All of the following paragraphs are selected for a delinquent certification of delivery letter.

PARAGRAPH

1. AN ADVANCE PAYMENT OF YOUR EDUCATIONAL ASSISTANCE PREVIOUSLY WAS MAILED TO THE SCHOOL FOR DELIVERY TO YOU UPON REGISTRATION. THE LAW REQUIRES THAT THE SCHOOL CONFIRM YOUR ENROLLMENT AND CERTIFY TO THE VETERANS ADMINISTRATION THAT DELIVERY OF THE ADVANCE PAYMENT CHECK WAS MADE TO YOU. SINCE WE HAVE NOT RECEIVED THIS CONFIRMATION, ANY FUTURE PAYMENTS DUE YOU MAY BE DELAYED.

2. IF YOU ACTUALLY ENROLLED IN THE SCHOOL, YOU SHOULD ASK THE APPROPRIATE OFFICIAL OF THE SCHOOL TO PROMPTLY SUBMIT VA FORM 22-1999V, CERTIFICATION FOR DELIVERY OF ADVANCE PAYMENT AND ENROLLMENT, WHICH WAS ENCLOSED WITH YOUR ADVANCE PAYMENT CHECK.

3. IF YOU RECEIVED AN ADVANCE PAYMENT BUT DID NOT ENROLL, YOU MUST RETURN THE CHECK.

4. IF YOU DID NOT ENROLL AND DID NOT RECEIVE AN ADVANCE PAYMENT, YOU MAY DISREGARD THIS NOTICE.

January 27, 1982

DVB Circular 22-82-1
Appendix E
Exhibit 6

DELINQUENT CERTIFICATION LETTER

A letter is generated for NCD cases in which a required periodic certification has not been returned. All of the following paragraphs are selected for a delinquent certification letter.

PARAGRAPH

1. YOU HAVE BEEN PAID EDUCATIONAL ASSISTANCE FOR THE PERIOD FROM THE DATE OF YOUR ENROLLMENT THROUGH _____.

2. WE HAVE NOT RECEIVED YOUR CERTIFICATION OF ATTENDANCE FOR THE PERIOD _____ THROUGH _____. WE CANNOT AUTHORIZE EDUCATIONAL ASSISTANCE FOR THAT PERIOD OR FOR ANY SUBSEQUENT PERIOD UNTIL WE RECEIVE YOUR CERTIFICATION, VERIFIED BY THE SCHOOL, ESTABLISHING YOUR ATTENDANCE DURING THIS PERIOD. UNLESS WE RECEIVE THIS CERTIFICATION OF YOUR ATTENDANCE, YOUR EDUCATIONAL ASSISTANCE WILL BE DISCONTINUED EFFECTIVE THE BEGINNING OF THE UNCERTIFIED PERIOD. YOU WILL BE REQUIRED TO REPAY THE AMOUNT OF OVERPAYMENT ESTABLISHED.

3. IF YOU ARE NO LONGER ENROLLED, LET US KNOW WHEN YOUR ATTENDANCE WAS DISCONTINUED.

4, YOUR PROMPT REPLY WILL ASSIST THIS OFFICE IN EXPEDITING ANY PAYMENT TO WHICH YOU MAY BE ENTITLED.

5. IF YOU HAVE RECENTLY SUBMITTED YOUR CERTIFICATION FOR THE PERIOD IN QUESTION, YOU MAY DISREGARD THIS NOTICE.

DVB Circular 22-82-1
Appendix E
Exhibit 7

January 27, 1982

DISCONTINUANCE, DELINQUENT CERTIFICATION LETTER

A letter is generated for NCD cases which must be suspended due to nonreturn of a required periodic certification. The paragraphs shown on a discontinuance, delinquent certification letter are as follows:

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| 1. YOUR EDUCATIONAL ASSISTANCE HAS BEEN DISCONTINUED EFFECTIVE _____. | ALL |
| 2. THIS ACTION HAS BEEN TAKEN BECAUSE WE HAVE NOT RECEIVED THE CERTIFICATION OF ATTENDANCE ESTABLISHING YOUR ATTENDANCE FOR THE PERIOD BEGINNING _____ THROUGH _____. | ALL |
| 3. IF YOU WERE ENROLLED AND IN ATTENDANCE FOR THE UNCERTIFIED PERIOD SHOWN ABOVE, SUBMIT A CERTIFICATION OF YOUR ATTENDANCE AS PREVIOUSLY REQUESTED. YOUR ACCOUNT WILL THEN BE ADJUSTED AND YOU WILL BE PAID ANY EDUCATIONAL ASSISTANCE THAT YOU MAY BE DUE. | ALL |
| 4. IF YOU CANNOT LOCATE THE CERTIFICATION CARD PREVIOUSLY SENT TO YOU, CONTACT THIS OFFICE OR ANY VA REGIONAL OFFICE FOR ANOTHER CARD. | ALL |
| 5. AS OF THE DATE OF DISCONTINUANCE, YOUR REMAINING ENTITLEMENT IS _____ MONTHS ____ DAYS WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. YOUR ENTITLEMENT MUST BE USED BEFORE _____. | PAYEE IS VETERAN |
| 6. AS OF THE DATE OF DISCONTINUANCE, YOU HAVE USED _____ MONTHS ____ DAYS OF ENTITLEMENT WHICH REPRESENTS $_____ IN EDUCATIONAL ASSISTANCE. | PAYEE IS SERVICEPERSON |
| 7. AS A RESULT, AN OVERPAYMENT OF $_____ HAS BEEN ESTABLISHED FOR THE PAYMENT(S) MADE TO YOU DURING THAT PERIOD. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOWN AT THE TOP OF THIS LETTER. | A/R CREATED |
| 8. AS A RESULT, AN OVERPAYMENT OF $_____ WILL BE ADDED TO THE BALANCE OF YOUR EXISTING INDEBTEDNESS AND MUST ALSO BE REPAID. YOUR CURRENT INDEBTEDNESS | A/R CREATED AND ADDED TO PREVIOUS A/R |

| PARAGRAPH | SELECTION CRITERIA |
|---|---|
| IS NOW $_____ LESS ANY AMOUNTS RECENTLY REMITTED. YOU SHOULD PROMPTLY SEND PAYMENT TO THE AGENT CASHIER AT THE OFFICE SHOW AT THE TOP OF THIS LETTER. | |
| 9. YOU MAY REQUEST A WAIVER OF THIS DEBT AS WE CAN, UNDER CERTAIN CIRCUMSTANCES, WAIVE REPAYMENT. HOWEVER, YOU MUST SHOW THAT YOU WERE NOT RESPONSIBLE FOR THE CREATION OF THIS DEBT AND, THEREFORE, SHOULD NOT BE REQUIRED TO PAY IT. YOU MAY ALSO REQUEST AN ORAL HEARING ON YOUR REQUEST FOR WAIVER BEFORE WE MAKE A DECISION. YOUR CURRENT OR FUTURE BENEFITS WILL BE AUTOMATICALLY WITHHELD UNLESS YOU APPLY FOR WAIVER OF THIS DEBT WITHIN TWENTY (20) DAYS FROM THE DATE OF THIS LETTER. IF YOU DO NOT FILE A WAIVER REQUEST WITHIN (20) DAYS, YOU MAY STILL FILE A REQUEST ANY TIME WITHIN TWO (2) YEARS FROM THE DATE OF THIS LETTER. ANY BENEFITS THAT ARE WITHHELD CAN BE REFUNDED IF YOUR WAIVER IS GRANTED, BUT YOU MUST REQUEST WAIVER WITHIN TWENTY (20) DAYS TO AVOID WITHHOLDING OF BENEFITS. | A/R CREATED |
| 10. A REQUEST FOR WAIVER CANNOT BE EFFECTIVELY CONSIDERED UNLESS IT IS ACCOMPANIED BY A COMPLETE STATEMENT OF YOUR FINANCIAL STATUS. IF YOU WISH, A VETERANS SERVICES REPRESENTATIVE AT THIS OFFICE WILL HELP YOU PREPARE A REQUEST FOR WAIVER. WE ARE PROHIBITED BY LAW FROM OFFSETTING ANY PORTION OF YOUR REMAINING CONTRIBUTIONS TO SATISFY THIS DEBT. HOWEVER, WHEN YOU WITHDRAW FROM THIS PROGRAM OR REACH YOUR TEN (10) YEAR DELIMITING DATE, SUCH OFFSET WILL BE AUTOMATIC IF REPAYMENT HAS NOT BEEN MADE. YOUR PROMPT ATTENTION TO THIS MATTER WILL BE APPRECIATED. | A/R CREATED |

Department of Veterans Benefits
Veterans Administration
Washington, D.C. 20420

DVB Circular 20-82-3

February 11, 1982

PROCESSING OF CHAPTER 32 FISCAL TRANSACTIONS

1. PURPOSE. This circular provides instructions for the processing of Chapter 32 fiscal transactions at DVB regional offices. Regional offices are responsible for the maintenance of these accounts. Processing will be accomplished through the Target System at the Hines Data Processing Center. Processing of Chapter 32 fiscal transactions is similar to that of the present CP&E system. The differences are highlighted in this circular.

2. FISCAL TRANSACTIONS FOR CHAPTER 32. All Chapter 32 fiscal transactions will be transmitted to the Hines DPC via magnetic diskette. VA Form 20-6889c, ADP Transmitta' Control-Accounting Transfer Document-Chapter 32 must be used for Chapter 32 transactions. Chapter 32 transactions may not be submitted on VA Form 20-6888a nor may other than Chapter 32 fiscal transactions be submitted on VA Form 20-6888c. There are three code sheets which will be used for Chapter 32 fiscal transactions:

a. VA Form 4-6094a, Fiscal Transaction Code Sheet - Chapter 32. This code sheet will be used for the following transactions:

(1) 04B, Uncollectible Returned Checks.

(2) 04E, Establish or Increase Accounts Receivable, or Clearance of Unassociated Account.

(3) 04G, Local Special Payments.

(4) 07B, Uncollectible Accounts Receivable (Do Not Use).

(5) 07C, Waiver - Full or Partial.

(6) 07D, Writeoff - Compromise or Discharge in Bankruptcy.

(7) 07G, Reduction of Accounts Receivable From Outside Source.

(8) 08A, Transfer Unapplied Deposit Fund Collections (Cash) Deposited to R.O. Accounts.

(9) 08B, Transfer Unapplied Deposit Fund Collections (Offset).

(10) 08E, Reduction of Accounts Receivable, or Clearance of Unassociated Account.

(11) 18, Establish or Change Recurring Deduction.



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b. VA Form 4-8268a, Fiscal Payment and Adjustment Code Sheet - Chapter 32. This code sheet will be used for the following transactions:

(1) 06A, One-Time Payment.

(2) 06B, One-Time Payment - Establish Accounts Receivable.

(3) 06C, One-Time Payment - Clear Unassociated Account.

(4) 06E, Clear Unassociated Account - No Payment.

(5) 06G, Special Payment.

c. VA Form 4-8281, Accounting Transfer Input Adjustments. This code sheet will be used for transaction A03, Accounting Transfer Input Adjustment.

3. RESPONSIBILITIES. The Operations activity is responsible for the preparation of VA Forms 4-6694a and 4-8268a. The Accounting activity is responsible for the preparation of VA Form 4-8281. In all cases, the forms will be signed by the preparer and approver. The approving official may be the Finance Officer or designee who may not be of a lower position than Assistant Section Chief.

4. PREPARATION OF VA FORM 4-6694a, FISCAL TRANSACTION CODE SHEET - CHAPTER 32. The optional and required fields are listed in exhibit A. It is not necessary to precede monetary amounts with zeros. However, if no entry is to be made in an amount field, a zero must be entered in the left-most position.

a. File Number. Enter the social security number. If the file number is the eight-digit VA claim number, precede it with a zero.

b. Payee Number. Enter the two-digit payee number.

c. Transaction Code. Enter the two-digit numeric code and the alpha modifer. For transaction code 18 the third position will be blank.

d. Person Entitled. Enter the first initial, the second initial (if none, leave blank) and the first five letters of the surname. Begin surname in position three; if less than five letters leave right-most positions blank.

e. Deduction Code/Class. Enter the valid code and class. Only valid codes and classes listed in exhibit B may be used.

f. A/R Amount. Enter the accounts receivable amount. For transaction code 04G enter the payment amount. Monetary amounts less than seven digits may be preceded by blanks. This field should not be completed for transaction code 18. However, it will be necessary to enter a zero in the left-most position if no entry is to be made.

g. Date. Enter the month and year the transaction is applicable. Precede months 1 through 9 with a zero.

h. Deduction Amount. Enter the amount of the recurring deduction to be established for transaction 04E, 08E or 18. Monetary amounts less than six digits may be preceded by blanks. However, if no monetary amount is to be entered, a zero must be placed in the left-most position.

i. Schedule No. Enter the schedule number of the SF 1166, Voucher and Schedule of Payments, for transaction 04G. If less than nine digits precede with zeros.

j. Social Security No. If a master record exists under a VA claim number, the social security number of the payee may be entered for transaction codes 04E and 04G. This will identify the bank master record.

k. Branch of Service. If a master record exists under the VA file number the branch of service may be entered for transaction codes 04E and 04G. Valid codes are A (Army), B (Navy), C (Marine Corps), D (Coast Guard), E (Public Health Service), F (Air Force) and I (NOAA).

l. Adjustment Code (Entitlement). If transaction code 04E is used to establish or increase an accounts receivable or if transaction code 08E is used to decrease an accounts receivable it will be necessary to enter either code 1 (adjust dollars and months), 2 (adjust dollars only), 3 (adjust months only) or 4 (do not adjust) in order to adjust the payee's entitlement. The regional office must determine if the increase or decrease of the accounts receivable will affect the payee's entitlement.

m. Adjustment Date. Enter the effective date of the adjustment to entitlement. This will indicate which award line is to be used for entitlement calculation. For adjustment code 4 (do not adjust) enter the current processing date. Precede months 1 through 9 with a zero.

n. Unassociated Sequence No. If transaction code 04E or 08E is used to clear an unassociated account enter the sequence number of the unassociated account as provided by the NOES message. This identifies the segment of the unassociated account to be updated.

o. Unassociated No. Enter the number of the unassociated account to be cleared.

p. Remarks. If the reason for the transaction is not apparent include an explanation and reference any related documents.

q. Prepared By. Signature of employee preparing code sheet.

r. Date. Date code sheet prepared.

s. Approved By. Signature of Finance Officer or designee.

t. Date. Date code sheet approved.

5. PREPARATION OF VA FORM 4-8268a, FISCAL PAYMENT AND ADJUSTMENT CODE SHEET-CHAPTER 32. The optional and required fields are listed in exhibit C. It is not necessary to precede monetary amounts with zeros. However, if no entry is to be made in an amount field, a zero must be entered in the left-most position.

a. File No. Enter the social security number. If the file number is an eight-digit VA claim number, precede it with a zero.

b. Payee No. Enter the two-digit payee number.

c. Transaction Code. Enter the alpha modifier following the preprinted "06."

d. Person Entitled. Enter the first initial, the second initial (if none leave blank) and the first five letters of the surname. Begin surname in position three; if less than five letters leave right-most positions blank.

e. Payment/Adjustment Amount. Enter the payment or adjustment amount.

f. Cost Code. Enter the cost code to which the payment should be charged. Valid codes for appropriation 36X8133 are:

| | | | |
|---|---|---|---|
| 701 | Veteran Graduate | 702 | Veteran Undergraduate |
| 703 | Veteran Junior College | 707 | General Expense Account |
| 709 | Expense Account Undetermined | 711 | Serviceperson Graduate |
| 712 | Serviceperson Undergraduate | 713 | Serviceperson Junior College |
| 721 | Veteran Vocational/Technical | 722 | Veteran High School |
| 723 | Veteran Elementary | 731 | Serviceperson Vocational/Technical |
| 732 | Serviceperson High School | 733 | Serviceperson Elementary |

g. Appropriation. For transactions 06A and 06B the valid appropriation code is 33. For transaction 06E, adjustment code 1, use appropriation 75. For adjustment code 2 and adjustment code 3 use appropriation 33.

h. Adjustment Code (Entitlement). For transaction 06A enter either code 1 (adjust dollars and months), 2 (adjust dollars only), 3 (adjust months only) or 4 (do not adjust). The regional office must determine if the one-time payment will affect the payee's entitlement.

i. Adjustment Date. Enter the effective date of the adjustment to entitlement. This will indicate which award line is to be used for entitlement calculations. For adjustment code 4 (do not adjust) enter the current processing date. Precede months 1 through 9 with a zero.

j. Deduction Code/Class. Enter the valid code and class. For transaction code 06B only code/class 51B is valid. For transaction code 06E valid codes are 51 and 52 and valid classes are B,D, and E. The deduction code/class must be entered for all 06E transactions regardless of the adjustment code. Therefore, enter 51B for adjustment codes 1 and 2.

k. Deduction Amount. Enter the recurring deduction amount for transaction 06B (if applicable). Monetary amounts less than six digits may be preceded by blanks. However, if no monetary amount is to be entered, a zero must be placed in the left-most position.

l. Unassociated Sequence No. For transaction code 06C or 06E enter the sequence number of the unassociated account as provided by the NOES message. This identifies the segment of the unassociated account to be updated.

m. Unassociated No. Enter the number of the unassociated account to be cleared.

n. Branch of Service. If a master record exists under the VA file number the branch of service may be entered for transaction code 06G. Valid codes are A (Army), B (Navy), C (Marine Corps), D (Coast Guard), E (Public Health Service), F (Air Force) and I (NOAA).

o. Social Security No. If a master record exists under a VA claim number, the social security number of the payee may be entered for transaction code 06G. This will identify the banking master record.

p. ZIP Code. If Item 17, "Input Address," is checked "Yes," enter the payee ZIP code or foreign mail code beginning with the first position on the left.

q. Input Address. Check the "Yes" block for payment transactions 06A, 06B, 06C, and 06G. If an adjustment only is being made (transaction 06E), the "No" block will be checked.

r. Name and Address. Enter the full name and address (excluding ZIP code) only if Item 17, "Input Address," is checked "Yes."

s. Adjustment Code (06E). Enter the code for the disposition to be made of the unassociated account for transaction code 06E: 1 (return to station), 2 (return to appropriation) or 3 (apply to accounts receivable).

t. Remarks. If the reason for the transaction is not apparent, include an explanation and reference any related documents.

u. Prepared By. Signature of employee preparing code sheet.

v. Date. Date code sheet prepared.

w. Approved By. Signature of Finance Officer or designee.

x. Date. Date code sheet approved.

6. PREPARATION OF VA FORM 4-8281, ACCOUNTING TRANSFER INPUT ADJUSTMENTS. This form has been modified to allow entry of Chapter 32 A03 transactions in addition to those A03 transactions currently being processed. Do not submit Chapter 32 transactions on the same form as other transactions. Instructions for completion of this form are contained in MP-4, part IV, chapter 16, paragraph 16C.30. Unless noted below, complete Chapter 32 transactions in the same manner as other transactions. The differences in the preparation of this revised form are as follows:

a. Item E - Trans. Code. When preparing A03 transactions to clear unassociated accounts resulting from 08A or 08B transactions, enter "A01" in item E.

b. Item I - Processing Cycle, and Item J - Control No. These fields will be completed for other than Chapter 32 transactions in the same manner as they are completed now. Leave these fields blank when preparing Chapter 32 transactions.

c. Item K - Sequence No., and Item L - Unassociated No. These fields will be completed for Chapter 32 transactions. Leave these fields blank for other transactions.

d. Line No. 8. This line may be completed only for other than Chapter 32 transactions. The maximum number of Chapter 32 A03 transactions which may be submitted on one form is seven.

7. UNASSOCIATED ACCOUNTS. The Chapter 32 unassociated structure and processing were designed for online fiscal input. However, because these features will not be available at the beginning of Chapter 32 processing, regional offices must place special emphasis on the control of unassociated accounts. Receipt and control of unassociated accounts will be through the Accounting activity in the same manner as for the present system. The structure of the Chapter 32 unassociated account record and the related processing differs from the remainder of the CP&E system in the following ways:

a. Chapter 32 unassociated accounts will be created under the following circumstances:

(1) Transactions 04B, 08, 08A and 08B will create an unassociated account if rejected during the transaction edit checks or during the master record update. This will create an individual unassociated account.

(2) Transactions 04B, 08, 08A and 08B will create an unassociated account if the accounting transfer document (SF 5515 (formerly GPO 5504), Debit Voucher, SF 215, Deposit Ticket, or VA Form 20-6888c) does not equal the sum of the related detail fiscal transactions. This will create a "document amount more than input" or a "document amount less than input" unassociated account.

b. The Chapter 32 unassociated account identification will consist of an unassociated account number and an unassociated account sequence number. When preparing clearance transactions it is necessary to enter both numbers in order to identify the segment of the unassociated record to be cleared.

(1) The composition of the unassociated number will differ between an individual unassociated account and a document/detail transaction out-of-balance unassociated account.

(a) The unassociated account number for an individual unassociated account will consist of the claimant's nine-digit social security number.

(b) The unassociated account number for a document/detail transaction out-of-balance unassociated account will consist of nine digits. For transactions 04B and 08, the first three digits will depend upon the document type involved in the creation of the unassociated acount; i.e., if transaction 04B then "504" for document type SF 5515 (formerly GFO 5504); if transaction 08 then "215" for document type SF 215. The remaining six digits of the unassociated number will consist of the actual document number. For transactions 08A and 08B, the first two positions of the unassociated account number will consist of the station number, positions four through six will consist of the serial number of the VA Form 20-6888c and final four positions will consist of "6888."

(2) The unassociated account sequence number will consist of two digits ranging from 01 through 99. The function of the unassociated account sequence number is to identify the segment of the unassociated record (which is identified by the unassociated account number) containing unassociated amounts. The unassociated account sequence number will begin with 01 and each additional segment added (for that unassociated number) will be assigned a number in ascending order to a maximum of 99 segments.

c. The manipulation of the unassociated account sequence number can best be illustrated by considering each type of unassociated account separately. An unassociated record will consist of the unassociated account number and the unassociated segment(s), each of which is identified by an unassociated account sequence number. For an individual unassociated account the active unassociated segments represent different unassociated accounts established for an individual claimant. As an example, if a claimant has one unassociated segment which is then completely cleared both the unassociated account number and the unassociated segment will be deleted from the unassociated file. If, however, a claimant has three active unassociated segments and number 02 is cleared, the unassociated account number and segments 01 and 03 will remain on the unassociated file. Therefore, the clearance transaction will only clear the segment identified by the unassociated account sequence number. If an unassociated segment is partially cleared the segment identified in the clearance transaction will be deactivated and the residual amount will be assigned to the next available segment. For example: If a claimant has three unassociated segments (01, 02 and 03) and segment 02 is partially cleared, segment 02 will become inactive and the unassociated amount remaining from segment 02 (the original segment 02 unassociated amount minus the partial clearance transaction amount) will be moved to segment 04. The next clearance transaction for this unassociated account would then be processed against segment 04 which would be the active segment. This partial clearance process will continue until the final segment is cleared completely. All segments relating to the original unassociated account are linked together on the file by document type and serial number. When the final segment is cleared all the related segments will then be deleted from the file.

d. For document/detail transaction out-of-balance unassociated accounts the unassociated account sequence number will be initially set at 01. Clearance transactions, either complete or partial, will manipulate the unassociated account sequence number in the same manner as for individual unassociated accounts. Regional offices will not be able to submit multiple clearance transactions for the same unassociated account in the same processing cycle because each partial clearance transaction moves the residual unassociated amount to a new segment and each clearance transaction requires an unassociated account sequence number in order to identify the unassociated segment. Because the regional office has no control over the order in which the clearance transactions are introduced into the computer, an attempt to enter more than one clearance transaction for the same unassociated account per processing cycle will most probably result in rejected transactions.

e. Regional offices will be notified of the establishment and status of unassociated accounts in two ways:

(1) The Target Chapter 32 NOES (Notice Of Exception Subsystem) will be available for supervisory Finance personnel including both the Accounting and Operations activities. The NOES command will give access to S12, Notice of Exception Menu Screen (enter CH 32 in "Benefit") and the S10 printout, Notice of Exception - - - Education - Chapter 32. A NOES listing of up to 5 of the last 30 processing cycles may be obtained through selection from the S12 screen if less than 20 terminal digits are selected, if more than 20 are selected then two processing cycles may be obtained. The listing will be printed in terminal digit order using the S10 format. The "document amount more than input" or "document amount less than input" unassociated accounts will be printed in order according to the terminal digits of the unassociated number (these correspond to the last two digits of the document number for transactions 04B and 08. The terminal digits of the unassociated number for transactions 08A and 08B will be "88"). See exhibit D for an example of the S12 and S10 printouts. Paragraph 8 of this circular lists those NOES which involve unassociated accounts. Finance personnel should secure access to the NOES command.

(2) Regional offices will be provided with a listing(s) of "Unassociated Pending More Than (30, 60, or 90) Days." This listing(s) will be generated during beginning of month processing and will show, at that time, all clearance transactions processed and the status of each unassociated account and its related segment(s) classified according to its age; i.e., more than 30, more than 60 or more than 90 days old. One report will be issued for each unassociated account number.

f. The following unassociated clearance transactions will be used for Chapter 32:

| | |
|---|---|
| 04E | Clears/reduces an unassociated 1229 debit established as a result of an 04B transaction being rejected or understated, or clears/reduces an unassociated 1239 credit established as a result of an 08, 08A or 08B transaction being overstated; then establishes or increases an accounts receivable in an individual master record. |
| 06C | Clears/reduces an unassociated 1239 credit established as a result of an 08, 08A, or 08B transaction exceeding the amount of the accounts receivable in the master record and pays the transaction amount to an individual. |

06E Clears/reduces an unassociated 1239 credit established as a result of an 08, 08A or 08B transaction being rejected or an 08, 08A or 08B transaction being understated and depending upon the transaction adjustment code either returns the amount to the station, returns the amount to the appropriation or applies the amount to an accounts receivable in an individual master record.

08E Clears/reduces an unassociated 1229 credit established as a result of an 04B being overstated and decreases an accounts receivable in an individual master record.

A03 Clears/reduces an unassociated account established as a result of an incorrect document (SF 215, SF 5515, VA Form 20-6888c) amount and corrects the general ledger accounts.

Regional offices must determine the proper clearance transactions. DVB Supplement 1, MP-4, part IV, chapter 12, "Unassociated Accounts," and MP-6, part IV, supplement No. 2.3, "Automated Accounting System," may serve as guides. The circumstances concerning the establishment and required clearance actions for unassociated accounts are similar for Chapter 32 and the present system.

8. NOTICES OF EXCEPTION. Notices of exception may originate during the transaction edit checks or during the master record update. The proper corrective action depends upon the individual NOES message and in which phase of processing the NOES message originates.

a. NOES messages which originate during the transaction edit checks generally indicate transactions which rejected due to an invalid entry in a code sheet field. The transactions must be corrected and resubmitted as original transactions. Following are the applicable codes for this phase of processing:

| | |
|---|---|
| 2035 | INVALID FILE ID |
| 2036 | INVALID ADDRESS INDICATOR |
| 2037 | INVALID NUMBER OF SEGMENTS ENTERED |
| 2045 | INVALID ADJ CODE |
| 2047 | INVALID INPUT ID |
| 2048 | INVALID DATE |
| 2054 | INVALID A/R AMOUNT |
| 2055 | INVALID DOC TYPE |
| 2056 | INVALID DISCOVERY DATE |
| 2057 | INVALID ADJ DATE |
| 2058 | INVALID SOC SEC NO |
| 2059 | INVALID BR OF SVC |
| 2060 | INVALID DEDUCTION AMT |
| 2061 | INVALID BENEFIT TYPE |
| 2062 | INVALID UNASSOC NO |
| 2063 | INVALID UNASSOC SEQ NO |
| 2064 | INVALID REFERENCE NO |
| 2065 | INVALID APPRO CODE |
| 2066 | INVALID COST CODE |
| 2067 | INVALID PYMT AMT |
| 2068 | INVALID ADDRESS |
| 2069 | INVALID ZIP CODE |

| | |
|---|---|
| 2070 | PYMT AMT EXCEEDS MAX BALANCE |
| 2071 | INVALID DED CODE/CLASS |
| 2072 | INVALID ADJ AMT |
| 2073 | INVALID COLLECTION AMT |
| 2074 | INVALID INC OR DEC |
| 2075 | INVALID DOCUMENT NUMBER |
| 2076 | INVALID AMT ENTERED |
| 2077 | INVALID VOUCHER NO |
| 2079 | INVALID TRANSACTION CODE |
| 2095 | INVALID FILE NUMBER |
| 2096 | INVALID PAYEE NO |
| 2098 | INVALID PAYEE STUB NAME |

b. NOES messages for which action is required may originate during the master record update for rejected transactions or transactions which have processed. NOES messages which are informative and may not require action will also be generated during this phase of processing.

(1) Transactions which are rejected during the master record update must be corrected and submitted as originals if the reason for rejection was the result of an incorrect entry on the transaction code sheet. Regional offices must carefully review these cases to determine if this is the case. If not, then other corrective actions are indicated. Regional offices must determine the proper actions depending upon the individual circumstances. Following are the applicable codes:

| | |
|---|---|
| 1001 | REJECT - NO MATCHING M/R FILE NUMBER |
| 1002 | REJECT - NO MATCHING M/R PAYEE |
| 1003 | REJECT - TRANS STUB NAME DOES NOT MATCH M/R PAYEE STUB NAME |
| 1005 | REJECT - NO UNASSOCIATED RECORDS FOUND |
| 1010 | REJECT - M/R IS TERMINATED |
| 1011 | REJECT - M/R IN SUSPENSE |
| 1300 | REJECT - TRANS AMT + M/R A/R EXCEEDS $99999.99 |
| 1301 | REJECT - TRANS AMT EXCEEDS A/R BALANCE |
| 1302 | REJECT - NO A/R AMT FOUND FOR THIS DED CODE |
| 1303 | REJECT - TRANS DED CODE/CLS DOES NOT MATCH A/R DED CODE/CLS |
| 1304 | REJECT - TRANS DED CLASS IS NOT EQUAL TO B |
| 1305 | REJECT - TRANS AMT EXCEEDS UNASSOCIATED AMT |
| 1306 | REJECT - UNASSOCIATED CLEARANCE AMT IS GREATER THAN 0 |
| 1307 | REJECT - TRANS AMT NOT EQUAL TO A/R BALANCE |
| 1308 | REJECT - NO UNASSOCIATED SEQUENCE NUMBER FOUND |
| 1309 | REJECT - TRANS PAYMENT AMT EXCEEDS ENT |
| 1310 | REJECT - ADJUSTMENT DATE NOT FOUND IN AWARD LINE |
| 1311 | REJECT - TRANS DED CLASS IS EQUAL TO C |
| 1312 | REJECT - NO A/R SEGMENT FOUND |
| 1313 | REJECT - TRANS DED AMT EQUALS M/R DED AMT |
| 1325 | REJECT - NO ACTIVE AWARD IN M/R |
| 1327 | REJECT - NO U860 UNASSOC RECORD FOUND FOR UNASSOC NUMBER |
| 1328 | REJECT - NO U870 SEGMENT FOUND FOR UNASSOC SEQ NUMBER |
| 1329 | REJECT - CLEARANCE AMT CAN NOT BE GREATER THAN TX AMOUNT |
| 1330 | REJECT - UNASSOC AMT FOR U870 SEGMENT HAS ALREADY BEEN CLEARED |

| | | |
|---|---|---|
| 2004 | REJECT | - A/R CODE INCONSISTENT WITH M/R DATA |
| 2005 | REJECT | - TRANS DED CODE/CLASS NOT 62P |
| 2006 | INFO | - 62P ALREADY EXISTS |
| 2008 | REJECT | - ADJUSTMENT CODE 1, 2 OR 3 CANNOT PROCESS AGAINST "A" TYPE M/R |
| 2009 | REJECT | - TRANSACTION CANNOT PROCESS AGAINST "A" TYPE M/R |
| 2020 | REJECT | - NO ADDRESS IN TRANSACTION |
| 2111 | REJECT | - ADJUSTMENT DATE NOT FOUND IN AWARD LINES |
| 3005 | REJECT | - NO BANK MASTER IN FILE |
| 3030 | REJECT | - TRANS AMT EXCEEDS REMAINING ENT-MONTHS |
| 3031 | REJECT | - TRANS AMT EXCEEDS REMAINING ENT-PARTIC CONTRIB |
| 3032 | REJECT | - TRANS AMT EXCEEDS REMAINING ENT-DOD CONTRIB |
| 3033 | REJECT | - TRANS AMT EXCEEDS ENT MONTHS USED |
| 3034 | REJECT | - TRANS AMT EXCEEDS PARTIC ENT USED |
| 3035 | REJECT | - TRANS AMT EXCEEDS DOD ENT USED |

(2) NOES messages (generated as a result of transactions which have processed) for which action is required are listed below. Regional offices should review the accounts identified and take the proper corrective actions.

| | | |
|---|---|---|
| 2900 | ACTION | - NO AWARD SEGMENT IN M/R |
| 2902 | ACTION | - DOC AMT MORE THAN INPUT - CLR UNASS DR |
| 2903 | ACTION | - DOC AMT LESS THAN INPUT - CLR UNASS CR |
| 2904 | ACTION | - DOC AMT LESS THAN INPUT - CLR UNASS DR |
| 2905 | ACTION | - DOC AMT MORE THAN INPUT - CLR UNASS CR |
| 8004 | INFO | - 870 SEGMENT PARTIALLY CLEARED - AMT REMAINING NEEDS TO BE CLEARED |
| 8005 | INFO | - TRANS AMT + M/R A/R EXCEEDS $9,999.99 - CLR UNASSOCIATED |
| 8006 | INFO | - NO OTHER A/Rs FOUND TO WHICH MONEY CAN BE APPLIED - CLR UNASSOC |
| 8007 | INFO | - A/R BALANCE LESS THAN TRANS AMT - CLR UNASSOC |
| 8008 | INFO | - NO A/R AMT FOUND FOR THIS DED/CODE & CLASS - CLR UNASSOC |
| 8009 | INFO | - NO A/R EXISTS FOR THIS M/R - CLR UNASSOC |
| 8010 | INFO | - NEW UNASSOCIATED SEGMENT CREATED |
| 8011 | INFO | - RETURNED CHECK APPLIED TO ACCTS REC |
| 8012 | ACTION | - PROCEEDS ESTABLISHED - REVIEW CASE |
| 8015 | ACTION | - REVIEW 61C OR 63C DED AMOUNTS FOR POSSIBLE INCREASE |
| 8023 | INFO | - A/R COMPUTER GENERATED - REVIEW DEDUCTION AGREEMENT |

(3) NOES messages which are informative and may require no additional actions are as follows:

| | | |
|---|---|---|
| 8017 | INFO | - UNASSOCIATED AMOUNT CLEARED |
| 8019 | INFO | - DEDUCT AMT ESTABLISHED FOR LESS THAN INPUT AMT |
| 8020 | INFO | - TRANS DEDUCT AMT EXCEEDS DEDUCT OR CK AMT IN M/R |
| 8021 | INFO | - A/R BALANCE LESS THAN DEDUCT AMT |
| 8022 | INFO | - 61C OR 63C DEDUCTION AMOUNT REDUCED |
| 8901 | INFO | - ONE TIME PAYMENT MADE BY RO |
| 8902 | INFO | - ENTITLEMENT ADJUSTMENT MADE BY RO |

9. CHAPTER 32 ACCOUNTS RECEIVABLE. Regional offices will assume collection responsibility for these accounts receivable. Detailed processing procedures will be released at a later date.

10. REGIONAL OFFICE COLLECTIONS ON HINES DPC RECEIVABLES. Regional offices will make the collections on Chapter 32 accounts receivable. The SF 215 will be prepared in accordance with existing instructions for local deposit and credit to the Hines DPC. A separate SF 215 will be prepared for Chapter 32 deposits. It will not be necessary to maintain a separate series of VA Form 4-1027 for Chapter 32.

a. The Agent Cashier will underline in red the following items on the SF 215: deposit number, date and amount.

b. Copy 2 of the VA Form 4-1027 wil be routed from the Agent Cashier to the Operations activity. The Operations activity will verify the name and file number and will complete the payee number and deduction code/class. The file designation may be left blank. The first initial, second initial and the first five letters of the surname will be underlined in red. The VA Form 4-1027 will be returned to the Agent Cashier who will submit it with the covering accomplished copy of the SF 215 to the Input activity. The SF 215 should be identified as Chapter 32.

c. Uncollectible items will be processed by the depositing station. The voucher number, date and amount will be underlined in red on the SF 5515. Transaction code 04B will be prepared on VA Form 4-6694a. The SF 5515 with the supporting 04B transaction code sheet(s) will be forwarded to the Input activity. The SF 5515 should be identified as Chapter 32.

d. Regional offices will report to Hines Chapter 32 confirmed deposits that have not been submitted as input in time to be processed in the last cycle of the accounting month. This listing of confirmed but unprocessed Chapter 32 documents (SF 215 and SF 5515) will be included on the same teletype as the CP&E documents. Confirmed items will be identified as "C&P," " Edu." or "Ch. 32". Chapter 32 undeposited collections and unconfirmed deposits will be included with the total CP&E balance figure which is submitted on the same teletype.

11. PREPARATION OF VA FORM 20-6888c, ADP TRANSMITTAL CONTROL - ACCOUNTING TRANSFER DOCUMENT - CHAPTER 32. Chapter 32 transactions must be submitted for transmittal on VA Form 20-6888c. Preparation of this form is the joint responsibility of the Accounting and Input activities. The Accounting activity will complete lines 1 through 4 and the Input activity will complete lines 5 through 12. Transaction code sheets for transactions 08A, 08B, 04E and 08E will be submitted from the Operations activity to the Accounting activity. Code sheets for transactions 06C and 06E will be submitted to the Accounting activity but only for the purpose of clearing the unassociated control. Other fiscal transaction code sheets may be submitted directly to the Input activity.

a. The number of items and the dollar amount will be entered in columns D and G respectively by the Accounting activity. The preparer and approver will sign the original which will be transmitted with a duplicate copy to the Input activity.

b. After the Input activity has completed their portion of the form and prepared the diskette, the original of the VA Form 20-6888c will be returned to the Accounting activity with the following forms: VA Forms 4-6694a reflecting transaction codes 04B, 04E, 08A, 08B or 08E; VA Forms 4-8281 and VA Forms 4-1027. The Accounting activity will then record in the local general ledger the entries for transactions 08A and 08B.

12. VERIFICATION OF PAYMENTS OVER $750.00. The validity of Chapter 32 payments over $750.00 must be determined by the regional offices. This verification procedure will be identical to that utilized in the present education system. Regional offices will be sent a separate teletype for Chapter 32 payments citing the date confirmation must be received by the Hines DPC Finance Division in order to prevent cancellation of the checks. The confirmation will be by telephone. The regional office will retain their copy of the verification teletype and will annotate the action taken on each payment. No confirming teletype will be sent by the regional office to Hines.

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900 plus (047C2), 20 copies
FD FLD: RPC 2147 plus 1 additional copy for Accounting activity in ROA; 201, Finance Division, 10 additional copies

DVB Circular 20-82-3
Exhibit A

February 11, 1982

VA FORM 4-6694a, FISCAL TRANSACTION CODE SHEET - CHAPTER 32

REQUIRED ENTRIES BY TRANSACTION CODE

| | 04B | 04E | 04G | 07C | 07D | 07G | 08A | 08B | 08E | 18 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. File No. | R | R | R | R | R | R | R | R | R | R |
| 2. Payee No. | R | R | R | R | R | R | R | R | R | R |
| 3. Transaction Code | R | R | R | R | R | R | R | R | R | R |
| 4. Person Entitled | R | R | R | R | R | R | R | R | R | R |
| 5. Deduction Code/Class | R | R | R | R | R | R | R | R | R | R |
| 6. A/R Amount | R | R | R | R | R | R | R | R | R | - |
| 7. Date | R | R | R | R | R | - | - | - | U | R |
| 8. Deduction Amount | - | R* | - | - | - | - | - | - | R* | R |
| 9. Schedule No. | - | - | R | - | - | - | - | - | - | - |
| 10. Social Security No. | - | O | O | - | - | - | - | - | - | - |
| 11. Branch of Service | - | O | O | - | - | - | - | - | - | - |
| 12. Adjustment Code | - | A | - | - | - | - | - | - | A | - |
| 13. Adjustment Date | - | A | - | - | - | - | - | - | A | - |
| 14. Unassociated Sequence No. | - | U | - | - | - | - | - | - | U | - |
| 15. Unassociated No. | - | U | - | - | - | - | - | - | U | - |

R = Required entry
R* = If no monetary amount is to be entered, a zero must be entered in the left-most position.
O = Optional entry
A = Required entry only if accounts receivable is being established, increased or decreased.
U = Required entry only if unassociated account is being cleared.

VA FORM 4-6694a, FISCAL TRANSACTION CODE SHEET - CHAPTER 32

VALID CODES/CLASSES FOR
TRANSACTION (ADJUSTMENT) CODE

| | 51B | 51E | 52A | 52B | 52E | 61C | 62P | 63C |
|---|---|---|---|---|---|---|---|---|
| 04B | V | V | - | V | V | - | - | - |
| 04G | - | - | V | - | - | - | - | - |
| 04E | V | V | - | V | V | - | - | - |
| 04E(1) | V | - | - | V | - | - | - | - |
| 04E(2) | V | - | - | V | - | - | - | - |
| 04E(3) | V | - | - | V | - | - | - | - |
| 04E(4) | V | V | - | V | V | V | - | V |
| 07C | V | V | - | V | V | - | - | - |
| 07D | V | V | - | V | V | - | - | - |
| 07G | - | - | - | - | - | - | - | - |
| 08A | V | V | - | V | V | - | - | - |
| 08B | V | V | - | V | V | - | - | - |
| 08E | V | V | - | V | V | - | - | - |
| 08E(1) | V | - | - | V | - | - | - | - |
| 08E(2) | V | - | - | V | - | - | - | - |
| 08E(3) | V | - | - | V | - | - | - | - |
| 08E(4) | V | V | - | V | V | V | - | V |
| 18 | V | V | - | V | V | V | V | V |

V = Valid code/class

CODE

51 = Chapter 32
52 = Chapter 32 Special Payment
61 = VA Miscellaneous Overpayment
62 = Income Tax Lien
63 = Other Government Indebtedness

Class

A = Special Payment Pending Accountability
B = DPC Accountability - Collectible Account
C = DPC Memorandum Account
E = DPC Accountability - Uncollectible (Do Not Use)
P = Income Tax Lien

DVB Circular 20-82- 3
Exhibit C

February 11, 1982

VA FORM 4-8268a, FISCAL PAYMENT AND ADJUSTMENT CODE SHEET - CHAPTER 32

| | REQUIRED ENTRIES BY TRANSACTION CODE | | | | |
|---|---|---|---|---|---|
| | 06A | 06B | 06C | 06E | 06G |
| 1. File No. | R | R | R | R | R |
| 2. Payee No. | R | R | R | R | R |
| 3. Transaction Code | R | R | R | R | R |
| 4. Person Entitled | R | R | R | R | R |
| 5. Adjustment/Payment Amount | R | R | R | R | R |
| 6. Cost Code | R | R | R | R | R |
| 7. Appropriation | R | R | - | R | - |
| 8. Adjustment Code | R | - | - | - | - |
| 9. Adjustment Date | R | - | - | - | - |
| 10. Deduction Code/Class | - | R | - | R | - |
| 11. Deduction Amount | - | R* | - | - | - |
| 12. Unassociated Sequence No. | - | - | R | R | - |
| 13. Unassociated No. | - | - | R | R | - |
| 14. Branch of Service | - | - | - | - | 0 |
| 15. Social Security No. | - | - | - | - | 0 |
| 16. ZIP Code | 0 | 0 | 0 | - | 0 |
| 17. Input Address | R | R | R | - | R |
| 18. Name and Address | R | R | R | - | R |
| 19. Adjustment Code (06E) | - | - | - | R | - |

R = Required entry
R* = If no monetary amount is to be entered, a zero must be entered in the left-most position.
O = Optional entry

February 11, 1982

DVB Circular 20-82-3
Exhibit D

NOTICE OF EXCEPTION (NOES) SCREENS

```
812                    NOTICE OF EXCEPTION MENU SCREEN                  08-31-81
                       EDUCATION - CHAPTER 32

    INDICATE NOE REPORT RANGE IN TERMINAL DIGITS: BEGINNING  99  TO  99

    INDICATE SELECTION BY ENTERING AN X BELOW DESIRED PROCESSING DAY(S)

    AUG 27   AUG 26   AUG 25   AUG 24   AUG 23   AUG 22   AUG 21   AUG 20
      X
    AUG 19   AUG 18   AUG 17   AUG 16   AUG 15   AUG 14   AUG 13   AUG 12

    AUG 11   AUG 10   AUG 09   AUG 08   AUG 07   AUG 06   AUG 05   AUG 04

    AUG 03   AUG 02   AUG 01   JUL 31   JUL 30   JUL 29

              FOR CO USE ONLY: ENTER 3-DIGIT RO NUMBER
```

```
810

                NOTICE OF EXCEPTION --- EDUCATION - CHAPTER 32

    PROCESSING DATE  AUG 27                              STATION NUMBER  320

    FILE NUMBER  995 50 0299      PAYEE NUMBER 00        STUB NAME  T C SMITH

    REJECT MESSAGE CODE 1003                  TRANSACTION CODE  04B

    UNASSOCIATED NUMBER  995 50 0299          SEQUENCE NUMBER  01

    BATCH NUMBER 1239                         AMOUNT      45.00

    REJECT MESSAGE LEGEND:

     REJECT - TRANS STUB NAME DOES NOT MATCH M/R PAYEE STUB NAME
```

DVB Circular 20-82-3
Exhibit E

February 11, 1982

Veterans Administration

**ADP TRANSMITTAL CONTROL — ACCOUNTING TRANSFER DOCUMENT -- CHAPTER 32**

TO: VA DATA PROCESSING CENTER

1. TRANSMITTAL CONTROL IDENTIFICATION: A. MONTH | B. DAY | C. YEAR | D. SERIAL NO.

| LINE NO | DESCRIPTION (A) | TRANS CODE (B) | NO. OF ITEMS (D) | APPROPRIATION (F) | AMOUNT (Dollars) (Cents) (G) | ACCOUNTING ENTRIES DEBIT/CREDIT |
|---|---|---|---|---|---|---|
| (1) | TRANSFER UNAPPLIED DEPOSIT FUND COLLECTIONS | 08A(B) | 2 | 75 | 0\|0\|0\|0\|5\|7▲1\|4 | 2047/1013 |
| (2) | ACCOUNTING TRANSFER INPUT ADJUSTMENTS | A03 | 3 | | 0\|0\|0\|4\|1\|1▲1\|9 | |
| (3) | ESTAB. INCREASE A/R NO ACCOUNTING DOCUMENT | 04E | 1 | | 0\|0\|0\|0\|5\|7▲5\|0 | |
| (4) | REDUCTION OF A/R NO ACCOUNTING DOCUMENT | 08Z | 1 | | 0\|0\|0\|2\|5\|5▲8\|3 | |
| (5) | DEBIT VOUCHERS | A04 | | | ▲ | |
| (6) | UNCOLLECTABLE CHECKS | 04B | | | ▲ | |
| (7) | SPECIAL PAYMENTS (LOCAL) | 04Q | | | ▲ | |
| (8) | ADJUSTMENTS OF ONE-TIME PAYMENTS | 05 | | | ▲ | |
| (9) | ADJUSTMENTS OF ACCOUNTS RECEIVABLE | 07 | | | ▲ | |
| (10) | DEPOSIT TICKETS | A08 | | | ▲ | |
| (11) | FIELD SERVICE RECEIPTS | 08 | | | ▲ | |
| (12) | ACCOUNTS RECEIVABLE DEDUCTIONS | 18 | | | ▲ | |
| (13) | | | | | ▲ | |
| (14) | | | | | ▲ | |
| (15) | | | | | ▲ | |
| (16) | | | | | ▲ | |

2. REMARKS

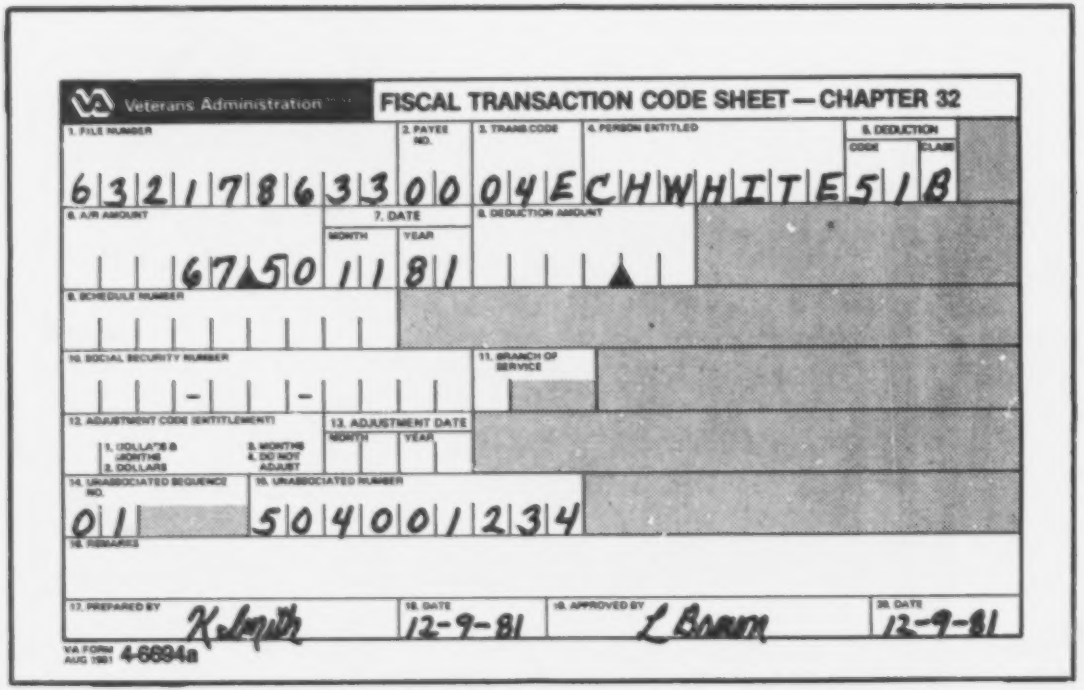
3. DATE

4. PREPARED BY: RLB

5. APPROVED BY: MJ

6. TOTAL NO. TRANS. (NOT FOR INPUT) ▶

VA FORM JUN 1981 20-6888c



Veterans Administration

FISCAL TRANSACTION CODE SHEET — CHAPTER 32

| 1. FILE NUMBER | 2. PAYEE NO. | 3. TRANS CODE | 4. PERSON ENTITLED | 5. DEDUCTION CODE | 5. DEDUCTION CLASS |
|---|---|---|---|---|---|
| 632178633 | 00 | 04 | ECH WHITE | 51 | B |

| 6. A/R AMOUNT | 7. DATE MONTH | 7. DATE YEAR | 8. DEDUCTION AMOUNT |
|---|---|---|---|
| 6750 | 11 | 81 | |

| 9. SCHEDULE NUMBER | 10. SOCIAL SECURITY NUMBER | 11. BRANCH OF SERVICE |
|---|---|---|
| | - - | |

| 12. ADJUSTMENT CODE (ENTITLEMENT) | 13. ADJUSTMENT DATE MONTH | 13. ADJUSTMENT DATE YEAR |
|---|---|---|
| 1. DOLLARS & MONTHS 2. DOLLARS 3. MONTHS 4. DO NOT ADJUST | | |

| 14. UNASSOCIATED SEQUENCE NO. | 15. UNASSOCIATED NUMBER |
|---|---|
| 01 | 504001234 |

16. REMARKS

| 17. PREPARED BY | 18. DATE | 19. APPROVED BY | 20. DATE |
|---|---|---|---|
| K Smith | 12-9-81 | L Brann | 12-9-81 |

VA FORM AUG 1981 4-6694a

Veterans Administration

## FISCAL PAYMENT AND ADJUSTMENT CODE SHEET — CHAPTER 32

| 1. FILE NUMBER | 2. PAYEE NO. | 3. TRANS. CODE | 4. PERSON ENTITLED | 5. PAYMENT/ADJUSTMENT AMOUNT |
|---|---|---|---|---|
| 646738971 | 00 | C | WNJONES | 157.50 |

| 6. CONT CODE | 7. APPRO. | 8. ADJUSTMENT CODE (ENTITLEMENT) | 9. ADJUST. DATE: MONTH | 9. ADJUST. DATE: YEAR | 10. DEDUCTION: CODE | 10. DEDUCTION: CLASS | 11. DEDUCTION AMOUNT |
|---|---|---|---|---|---|---|---|
| 702 | | 1. DOLLARS & MONTHS 2. MONTHS 3. DOLLARS 4. DO NOT ADJUST | | | | | |

| 12. UNASSOCIATED SEQUENCE NO. | 13. UNASSOCIATED NUMBER |
|---|---|
| 03 | 646738971 |

| 14. BRANCH OF SERVICE | 15. SOCIAL SECURITY NUMBER |
|---|---|
| | - - |

| 16. ZIP CODE | 17. INPUT ADDRESS |
|---|---|
| 99999 | ☑ 1-YES (If "Yes" complete item 18) ☐ 2-NO |

18. NAME AND ADDRESS

W N JONES
STPEET
CITY STATE

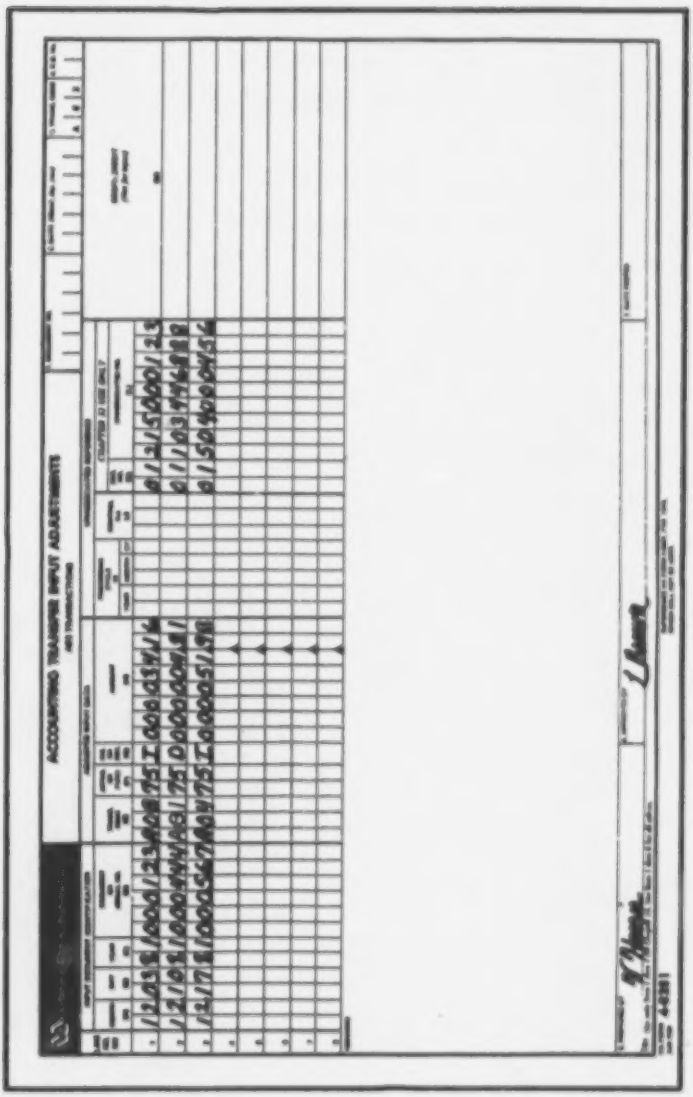
18. ADJUSTMENT CODE (SEE)
1. RETURN TO STATION 3. APPLY TO A/R
2. RETURN TO APPROPRIATION

20. REMARKS

| 21. PREPARED BY | 22. DATE | 23. APPROVED BY | 24. DATE |
|---|---|---|---|
| K Smith | 12-15-81 | L Brown | 12-16-81 |

VA FORM AUG 1981 4-8268a

621786




027011

Department of Veterans Benefits
Veterans Administration
Washington, D.C. 20420

DVB Circular 20-82-13

April 20, 1982

PROCESSING OF RETURNED CHECKS IN THE
CHAPTER 32 TARGET SYSTEM

1. PURPOSE: This circular contains information about the processing of returned checks in the Chapter 32 Target System. Returned check processing at the regional offices and at the Kansas City Treasury disbursing center is explained in general terms. The processing of the returned check transactions against the beneficiary's master record at the DPC Hines, Illinois, is explained in detail.

2. DEFINITIONS

a. General Master Record Terms

(1) Master Record: A record, maintained by beneficiary, on an ADP medium at the DPC Hines which contains pertinent entitlement and benefit information.

(2) Banking Record: A record, maintained by veteran, on an ADP medium at the DPC Hines which contains pertinent entitlement and contributions information.

(3) Change of Address Sequence Control Counter: The counter in the master record is initially set at "0" and the benefit checks issued by Treasury carry a "0." When the first change of address is processed, the counter indicates a "1." Checks issued after the change of address has processed will carry a "1." This process will continue through nine changes of address. On the 10th change, the counter will be reset to zero.

(4) Entitlement/Cost Code: A numeric code in the master record designating the expense account to which disbursement is to be distributed and identifying the benefit according to type and period of service. The first position indicates appropriation ("7" for Chapter 32). The last two positions indicate the type of training and period of service.

(5) Record Type: Defines the beneficiary's master record type as follows:

A = Running Award

E = Terminated Record

D = Accounts Receivable

J = Disallowed

(6) Advance Payment Indicator: An indicator in the master record that this award record provides the basis for an advance payment.

| Code | Description |
|---|---|
| 0 | Not used |
| 1 | Advance payment |

b. Master Record Proceeds Segment Terms

(1) Proceeds: A dollar amount maintained in the master record which is due and payable to the beneficiary, but has not been released because of an undeliverable address, death of the payee (accrual), or an amount which is less than $1.

(2) Proceeds Type: This field in the master record contains the type of proceeds.

A = Accrual
B = Returned check
C = Established for an amount less than $1.
D = Established by a generated amended award (bank)

(3) Proceeds Reason: This field represents the reason the proceeds segment was established. If proceeds type is A, the reason will be "0." If proceeds type is B, the reason will be "1" through "7" (equivalent to the return reason on the check). If proceeds type is C or D the reason will be "0."

(4) Proceeds Amount: The dollar amount of the proceeds.

c. Master Record Suspense Segment Terms

(1) Suspense: Describes the status of a type A master record when it indicates that a beneficiary is due benefits, but will not be paid the benefits automatically until some other activity affects the master record (i.e., transaction 22 or 05).

(2) Suspense Reason: This field in the master record contains a code to indicate the reason for suspense. (Note: Only suspense codes applicable to returned check processing are listed.)

| Code | Reason |
|---|---|
| 21 | Returned check |
| 22 | Returned check because of death |

(3) Suspense Date: This field in the master record indicates the year, month, and day from which payments are suspended. If payments are resumed, this is the beginning date from which payments are completed.

(4) Suspense Undeliverable: This field in the master record indicates whether the suspense was caused by an undeliverable check.

(5) Suspense Generated: This field in the master record indicates whether the suspense was caused by the death of the payee or delinquent certification.

3. GENERAL: In the Chapter 32 System there are three types of returned checks:

a. Benefit checks to the Chapter 32 beneficiary - checks payable to the beneficiary as a result of entitlement established by 38 U.S.C. ch. 32. In general, the amount of the check depends upon the number of contributions, amount of contributions, and the training time (includes cost codes 701-780).

b. Refund checks to the Chapter 32 participant - checks payable to the veteran as a result of his/her disenrollment from the Chapter 32 program. The remaining contributions (participant's monies not used for benefits in the beneficiary's ADP banking record) will determine the amount of the check (includes cost codes 781-799).

c. Refund checks to DOD (Department of Defense) - checks payable to DOD as a result of either disenrollments by Chapter 32 beneficiaries who had received DOD contributions or adjustments by DOD. The remaining DOD contributions (DOD entitlement not used) for all beneficiaries who have had refund transactions process against their master records in a particular cycle are accumulated and the amounts included in one check. The check has no cost code.

4. REGIONAL OFFICE PROCESSING OF RETURNED CHECKS: Checks returned to the regional office should be processed by the agent cashier. The cashier should determine the reason for return of the check, write the return reason code on the check, and then return the check to the Kansas City Treasury disbursing center. The valid reasons for return appear in paragraph 5b below.

5. TREASURY DEPARTMENT PROCESSING OF RETURNED CHECKS

a. The Department of Treasury processes all returned checks. Chapter 32 returned checks are processed at the Kansas City Treasury disbursing center. The disbursing center receives most of the returned checks from the U.S. Postal Service as a result of being undeliverable. Other checks are returned by veterans directly to the Treasury or through the regional office to the Treasury. All returned checks should arrive at the Treasury with a return reason either marked on the envelope or on the check itself.

b. The Treasury disbursing center will produce returned check notice cards and a magnetic tape of returned check transactions from the returned checks. The reason for return is coded on the cards and tape using the following numeric reason codes:

| Numeric Code | Reason for Return | |
|---|---|---|
| 1 | Undeliverable - | No such city.<br>Wrong address.<br>Moved or unclaimed.<br>Whereabouts unknown. |
| 2 | Nonentitlement - | Reportedly remarried (Ch. 32 processing will change this to reason 5). |
| 3 | Nonentitlement - | Reportedly deceased. |
| 4 | Nonentitlement - | Income limitation (Ch. 32 processing will change this to reason 5). |
| 5 | Nonentitlement - | VA request or voluntary return by payee.<br>Undetermined. |

6 Nonentitlement - all other.

7 Advance Payment.

Treasury cancels the returned checks and prepares an SF 1098, Schedule of Cancelled or Undelivered Checks, to officially document the cancellations.

c. The returned check notice cards, together with any related correspondence, will be forwarded by the Treasury disbursing center to the applicable regional office within 2 days of receipt.

d. The magnetic tape of returned check transactions and the supporting SF 1098 are forwarded to the DPC Hines for processing against each beneficiary's master record. The magnetic tape has a tape header which contains the SF 1098 information, including the accumulated dollar amount of the returned check transactions, and the detail of the returned check transactions.

6. DPC HINES PROCESSING OF RETURNED CHECKS

a. Edit and Balance

(1) The DPC Hines processes the returned check tape through an edit and balance processing run before the returned check transactions (21D) on the tape are processed against the beneficiary's master record.

(2) The 21D transactions are edited to insure that valid data exist in the transactions.

(3) The edit and balance run controls the transactions to the batch header by number of transactions, dollar amounts, document type, and document serial number. If there is a discrepancy between the tape header and the following detail transactions, the tape is sent back to Treasury for correction.

(4) Output from the edit and balance run includes: the 21D returned check transactions, the A21 accounting transaction formatted from the batch header, and various output reports for the DPC Hines Finance Division.

(5) After the edit and balance of the Treasury tapes, the returned check transactions and the accounting transactions are entered into main transaction update processing.

b. Main Update Processing

(1) For benefit and refund checks, transaction processing requires that a matching master record be present. That is, the transaction file number, payee number, and stub name must match the master record file number, payee number, and stub name. If a matching; i.e.,associated, master record is not found, then the returned check transaction is unassociated. An NOE (Notice of Exception) is then sent to the regional office. The NOE states the cause of the unassociated record and provides unassociated identification information. The NOE codes and messages are as follows:

| NOE Code | Message |
|---|---|
| 1001 | REJECT - NO MATCHING M/R FILE NUMBER |
| 3005 | REJECT - NO BANK MASTER IN FILE |

(2) For DOD refund checks, the transaction processing generates an unassociated account for the returned check transaction. The unassociated account is automatically generated since the DOD refund check is not "associated" with any particular beneficiary's master record, but rather it is "associated" with all beneficiary master records which had refund transactions processed against them and had remaining DOD contributions.

(3) The A21 accounting transaction is passed through the update run to the AAC ( Accounting Audit and Control) file. This file is the input into the Chapter 32 accounting subsystem.

(4) The subparagraphs below describe the transaction 21D processing by reason code within check type. In general, after this transaction processing, the transaction control program calls the AAC common processing module. The AAC module generates a header record, containing pertinent transaction data for each transaction and accounting trailer records, representing the necessary accounting transactions to record AR (accounts receivable) establishment/offset and proceeds establishment and/or release.

(a) DOD Refund Check Returned Due to "Any" Reason

As stated above, when a DOD disenrollment refund check is returned, an unassociated record is created. The DPC Hines Finance Division is responsible for clearing this type of unassociated account.

(b) Participant Disenrollment Refund Check Returned Due to "Any" Reason

When a disenrollment refund check is returned and the check amount matches the amount in the refund segment, the entitlement fields in the beneficiary's banking record are restored to the condition that had existed before the refund transaction processed. Thus the banking master record, except for the last activity fields, looks as if no refund transaction had processed.

(c) Benefit Check Returned Due to Reason "1," Undeliverable

1. The amount of the check is applied to any existing benefit AR(s), providing that the beneficiary has no repayment agreement in effect.

2. If the address in the master record has been changed since the check was issued and if the record is not in suspended status, then the remaining amount of the check plus any proceeds in the benefit record are released to the payee at the new address.

3. Active master records are suspended (reason "21," returned check, if the address has not changed).

4. Proceeds are established with remaining monies after the above steps are accomplished.

(d) Benefit Check Returned Due to Reason "3," Nonentitlement- Death

1. Existing AR(s):If the check was returned because of reason 3 , death, and there is a benefit AR(s), then the check amount is applied to the existing AR(s).

a. Money Remains: If there is money remaining after applying to AR's, then:

(1) A proceeds segment is built.

(2) An NOE is sent with message code 8013, "ACTION-PAYEE DECEASED-ACCRUAL SEGMENT ESTABLISHED".

(3) Reason 22 is used either to suspend a type A record, or to change the end reason in the current award of an other than A record.

b. No Money Remains: If there is no money remaining after applying to AR's, then:

(1) Reason 22 is used either to suspend a type A record, or to change the end reason in the current award of an other than a type A record.

(2) For a type A record, an NOE is sent with message code 8011, "INFO-RETURNED CHECK APPLIED TO ACCTS REC."

2. No Existing AR(s):If the check was returned because of reason 3 , death, and there is no benefit AR(s)present, then:

a. A proceeds segment is built.

b. An NOE is sent with message code 8013, "ACTION-PAYEE DECEASED-ACCRUAL SEGMENT ESTABLISHED."

c. Reason 22 is used either to suspend a type A record, or to change the no pay reason in the current award of an other than a type A record.

(e) Benefit Check Returned Due to Reason "5, 6," Nonentitlement

1. Benefit AR(s) Exist: If there is any benefit AR(s) then the check amount is applied to the AR(s).

a. Money Remains, "A" Record: If there is money remaining after applying to AR's, then for a type "A" master record:

(1) A proceeds segment is built.

(2) The master record is suspended (reason 21, returned check).

b. Money Remains, Other Than "A" Record: If there is money remaining after applying to AR's and the master record is other than a type A, then the remaining check amount is returned to the beneficiary.

c. No Money Remains, Type A Record: If there is no money remaining after applying to AR's, then for a type A master record:

(1) The master record is suspended (reason 21, returned check).

(2) An NOE is sent with message code 8014, "INFO-M/R SUSPENDED-RET CK FOR NON-ENTITLE-REVIEW CASE."

d. No Money Remains, Other Than Type A Record: If there is no money remaining after applying to AR's, then for other than a type A master record nothing is done.

2. Benefit AR's Do Not Exist: If there are no benefit AR's, then:

a. For type A master records:

(1) A proceeds segment is built.

(2) The master record is suspended (reason 21, returned check).

(3) An NOE is sent with message code 8014, "INFO-M/R SUSPENDED-RET CK FOR NON-ENTITLE-REVIEW CASE."

b. For other than a type A master record, a proceeds segment is built and an NOE is sent with message code 8014, "INFO-M/R SUSPENDED-RET CK FOR NON-ENTITLE-REVIEW CASE."

(f) Benefit Check Returned Due to Reason "7," Advance Payment Returned

1. A proceeds segment is built.

2. The master record advance payment award is stopped. The stop processing builds the AR segment and adjusts the award lines in the record.

3. The proceeds are then applied to any benefit AR(s).

4. If there is money remaining after applying to AR(s), then:

a. An NOE is sent to the regional office with message code 8012, "ACTION - PROCEEDS ESTABLISHED-REVIEW CASE."

b. A diary segment is established which will produce the message "ACTION - PROCEEDS ESTABLISHED - REVIEW CASE," to the regional office during monthend full file pass processing. The first monthend processing will produce this message to the regional office 60 and 120 days after the current date.

7. FOLLOWUP ACTIONS: The NOE's and the recurring followup diaries which are generated as a result of the returned check processing will be followed up at the regional office. The Adjudication Division personnel will take appropriate action on these messages. Once the clearing actions are taken, the followup messages, if any, will be deleted from the master record and will no longer be sent.

a. Suspended Master Records: Action should be taken to either stop, resume, or amend the type A master records which have had their awards suspended as a result of returned check processing.

b. Proceeds Segments: Action should be taken to clear proceeds segments created as a result of undeliverable address or the reported death of the payee. The regional office personnel should review the master record and claims folder, contact the veteran if necessary, and then enter the appropriate clearing transaction (change of address, accrued award, etc).

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900 plus (047C2), 40 copies
FD FLD: RPC 2147 plus 10 additional copies to Finance Activities in ROA; 200 and 201, 10 additional copies each to Finance Divisions

Department of Veterans Benefits
Veterans Administration
Washington, D.C. 20420

DVB Circular 20-82-19

May 10, 1982

PROCEDURES FOR REGIONAL OFFICE
ADMINISTRATION OF CHAPTER 32
ACCOUNTS RECEIVABLE

1. PURPOSE. To provide instructions to regional offices regarding the administration of accounts receivable of beneficiaries or refundees in the Post-Vietnam Era Veterans' Educational Assistance Program (Chapter 32).

2. EFFECTIVE DATE. The instructions contained in this circular are effective immediately.

3. ESTABLISHMENT OF MANUAL RECORDS. The method of controlling Chapter 32 accounts receivable will be through the use of VA Form 4-1103, Accounts Receivable Record. VA Forms 4-1103 established for Chapter 32 accounts receivable will be marked "Chapter 32" in red ink in the upper left-side margin above the inscription "NAME AND ADDRESS OF DEBTOR."

4. NOTIFICATION OF ACCOUNTS RECEIVABLE ESTABLISHMENT

a. Within 60 days of the date of this circular, regional offices will be provided with a listing of Chapter 32 accounts receivable under their jurisdiction. This listing will be the basis for establishing the initial VA Forms 4-1103. It will be necessary to pull claims folders to supplement the information contained on these listings.

b. Effective immediately, Adjudication Divisions will be responsible for transmitting to Finance activities copies of all Chapter 32 award actions (or other actions such as stops or NODs) which create overpayments. The copy of the award action will be accompanied by the claims folder. The general guidelines stated in DVB Circular 20-82-1 for determining if an overpayment already exists will also be followed. The award action and claims folder will be used to establish the VA Form 4-1103. The VA Form 4-1103 established in this manner will be diaried for 2 work-days in order to allow the Chapter 32 system to compute the amount of the overpayment when the award is processed. The dollar amount of the overpayment will be obtained from Target access to the master record and will be posted to the VA Form 4-1103.

c. VA Forms 4-1103 will be established when a local special payment is made and an 04G transaction is processed.

d. VA Forms 4-1103 will be established when an account receivable is established in a running award.

5. DIARY REVIEW AND UPDATE

a. Each Chapter 32 account receivable will be diaried for review 3 days prior to the next required action. The review will consist of a master record inquiry on Target. This procedure will insure that the Finance activity will be aware of any changes in the beneficiary's status, such as a reentry into training or a collection through offset. Any significant changes in status will be posted to the VA Form 4-1103.

b. The review will also serve to insure that all fiscal transactions in the accounts of overpaid beneficiaries are properly processed.

6. ADMINISTRATIVE COLLECTION CORRESPONDENCE

a. The award letter which creates an overpayment in the account of a beneficiary will contain the initial demand for repayment of the debt, as well as a statement of the debtor's rights. This letter will be generated by the Hines DPC and will show the regional office of jurisdiction as the return address. The date of this letter, which will be the award processing date, will be entered on the VA Form 4-1103 in the "1ST LTR" field.

b. Since Chapter 32 accounts receivable are not under the jurisdiction of CARS, it will be the responsibility of the regional office to write and dispatch followup collection correspondence. The first followup letter will be dispatched 40 days after the date posted in the "1ST LTR" field. The date of this letter will be posted in the "2ND LTR" field. The second followup letter will be dispatched 30 days after the date in the "2ND LTR" field. The date of this last followup letter will be posted in the "3RD LTR" field. Copies of all collection correspondence will be drop-filed in the claims folder. Letters will be formatted as shown in exhibits A through D. Standardized form letters are being developed and will be distributed to field stations as soon as possible. Dictated letters or CTU letters will be used in the interim.

7. ENFORCED COLLECTION

a. Enforced collection of Chapter 32 accounts receivable will, in general, parallel enforced collection procedures for other education system debts.

b. The following exceptions to standard collection procedure apply to enforced collection of Chapter 32 debts:

(1) Enforced collection will be pursued only on that portion of the debt which constitutes the Government's portion of the overpayment (i.e., the two-for-one matching portion and the bonus portion, if any). The portion of the overpayment which constitutes the beneficiary's contribution to the program will not be subject to enforced collection.

(2) Enforced collection will be pursued, when otherwise appropriate, regardless of the beneficiary's remaining contribution balance. This means that even if a beneficiary's contribution balance exceeds the overpayment, it will be the policy of this Agency to pursue enforced collection, if all other requirements are met.

8. MANUALLY MAINTAINED CHAPTER 32 BENEFIT RECORDS AT THE HINES PPU (PAYMENT PROCESSING UNIT). Chapter 32 benefit records which are not on the Target System, and which are being maintained at the Hines PPU, will be handled in the same manner as other Chapter 32 overpayment cases, with the following two exceptions:

a. The PPU will continue to generate the followup collection correspondence for cases not yet on Target (regional offices will maintain the VA Forms 4-1103). Information needed for posting to the VA Form 4-1103, such as dates of followup letters, will be obtained from the copies of those letters which will be routed by the PPU to each regional office Finance Officer.

b. Telephone inquiries to the PPU (FTS 387-6651) will take the place of Target inquiries for cases in this category.

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900, plus (047C2), 20 copies
FD FLD: RPC 2226, plus 10 copies to each Finance activity in ROA ; 201, Finance Division, 10 copies

30-636 O - 84 - 8

DVB Circular 20-82-19
Exhibit A

May 10, 1982

Regional Office
123 Main Street
Anytown, USA 99999

Veterans Administration

In Reply Refer To:

JOHN VETERAN
123 MAPLE STREET
ANYTOWN, USA 99999

DEAR MR. VETERAN:

YOU HAVE FAILED TO MAKE SATISFACTORY ARRANGEMENTS TO SETTLE YOUR DEBT IN THE AMOUNT OF $XXX.XX IN ANSWER TO OUR PREVIOUS LETTER. WE ARE REMINDING YOU THAT WE ARE REQUIRED BY LAW TO COLLECT DEBTS DUE THE U.S. GOVERNMENT.

WE WILL COOPERATE WITH YOU IN EVERY WAY POSSIBLE, BUT YOU ARE CAUTIONED THAT CONTINUED FAILURE TO COMPLY WITH OUR REQUEST FOR PAYMENT MAY RESULT IN ADDITIONAL EXPENSE AND PERSONAL INCONVENIENCE TO YOU. YOUR CHECK OR MONEY ORDER SHOULD BE MADE PAYABLE TO THE VETEPANS ADMINISTRATION AND SENT TO THE ABOVE ADDRESS, C/O AGENT CASHIER, WITH A COPY OF THIS LETTER.

IF YOU CANNOT PAY THE FULL AMOUNT IN ONE PAYMENT, YOU SHOULD COMPLETE THE ENCLOSED FINANCIAL STATUS REPORT AND RETURN IT WITH A PARTIAL PAYMENT AND A STATEMENT OF HOW YOU WILL PAY THE BALANCE. ANY REASONABLE PLAN WILL RECEIVE CAREFUL CONSIDERATION. WE ASK YOUR COOPERATION AND EXPECT TO HEAR FROM YOU WITHIN THE NEXT 20 DAYS.

SINCERELY YOURS,

FINANCE OFFICER

ENCLOSURES:
VA FORM 4-5655
ENVELOPE

This letter will be used as the first followup for all Chapter 32 A/R's.

May 10, 1982

DVB Circular 20-82-19
Exhibit B

Regional Office
123 Main Street
Anytown, USA 99999

Veterans Administration

In Reply Refer To:

JOHN VETERAN
123 MAPLE STREET
ANYTOWN, USA 99999

999-99-9999
(CHAPTER 32)

DEAR MR. VETERAN:

WE HAVE WRITTEN TO YOU PREVIOUSLY ABOUT YOUR DEBT OF $XXX.XX. IT IS NOW URGENT THAT YOU CONTACT THIS OFFICE WITHIN 5 DAYS REGARDING SETTLEMENT OF THIS DEBT. YOU MAY REACH US BY TELEPHONE BETWEEN THE HOURS OF 8:00 AND 4:30, MONDAY THROUGH FRIDAY, OR BY MAIL AT THE ABOVE ADDRESS.

WE HAVE AUTHORITY TO ACCEPT A LESSER AMOUNT IN FULL SETTLEMENT OF YOUR DEBT. CAREFUL CONSIDERATION WILL BE GIVEN TO AN OFFER OF ANY REASONABLE AMOUNT IN RELATION TO YOUR FINANCIAL STATUS. A COMPROMISE OFFER CANNOT BE EFFECTIVELY CONSIDERED UNLESS ACCOMPANIED BY A COMPLETED FINANCIAL STATUS REPORT. A FORM FOR THIS REPORT IS ENCLOSED ALONG WITH A SELF-ADDRESSED ENVELOPE.

SINCERELY YOURS,

FINANCE OFFICER

ENCLOSURES:
VA FORM 4-5655
ENVELOPE

This letter will be used as the second followup for A/R's under $200.

DVB Circular 20-82-19
Exhibit C

May 10, 1982

Regional Office

123 Main Street
Anytown, USA 99999

Veterans Administration

In Reply Refer To:

JOHN VETERAN
123 MAPLE STREET
ANYTOWN, USA 99999

999-99-9999
(CHAPTER 32)

DEAR MR. VETERAN:

WE HAVE WRITTEN TO YOU PREVIOUSLY ABOUT YOUR DEBT OF $XXX.XX. IT IS NOW URGENT THAT YOU CONTACT THIS OFFICE WITHIN 5 DAYS REGARDING SETTLEMENT OF THIS DEBT. YOU MAY REACH US BY TELEPHONE BETWEEN THE HOURS OF 8:00 AND 4:30, MONDAY THROUGH FRIDAY, OR BY MAIL AT THE ABOVE ADDRESS.

WE HAVE AUTHORITY TO ACCEPT A LESSER AMOUNT IN FULL SETTLEMENT OF YOUR DEBT. CAREFUL CONSIDERATION WILL BE GIVEN TO AN OFFER OF ANY REASONABLE AMOUNT IN RELATION TO YOUR FINANCIAL STATUS. A COMPROMISE OFFER CANNOT BE EFFECTIVELY CONSIDERED UNLESS ACCOMPANIED BY A COMPLETED FINANCIAL STATUS REPORT. A FORM FOR THIS REPORT IS ENCLOSED ALONG WITH A SELF-ADDRESSED ENVELOPE.

IT WILL BE TO YOUR ADVANTAGE TO ARRANGE FOR PAYMENT IMMEDIATELY; OTHERWISE, IT MAY BE NECESSARY TO REFER YOUR CASE TO OUR VA DISTRICT COUNSEL FOR APPROPRIATE LEGAL PROCEEDINGS. PURSUANT TO RECENT REVISIONS IN OUR COLLECTIONS PROCEDURES, THE VA DISTRICT COUNSEL NOW HAS THE AUTHORITY TO COMMENCE LEGAL PROCEEDINGS AGAINST YOU. COURT ACTION COULD RESULT IN ADDITION OF COURT COSTS, THE ASSESSEMENT OF INTEREST AND THE IMPAIRMENT OF YOUR CREDIT RECORD.

SINCERELY YOURS,

FINANCE OFFICER

ENCLOSURES:
VA FORM 4-5655
ENVELOPE

This letter will be used as the second followup letter for A/R's between $200 and $1,200.

May 10, 1982

DVB Circular 20-82-19
Exhibit D

Regional Office

123 Main Street
Anytown, USA 99999

Veterans Administration

In Reply Refer To:

JOHN VETERAN
123 MAPLE STREET
ANYTOWN, USA 99999

DEAR MR. VETERAN:

WE H/ /E WRITTEN TO YOU PREVIOUSLY ABOUT YOUR DEBT OF $XXXX.XX. IT IS NOW URGENT THAT YOU CONTACT THIS OFFICE WITHIN 5 DAYS REGARDING SETTLEMENT OF THIS DEBT. YOU MAY REACH US BY TELEPHONE BETWEEN THE HOURS OF 8:00 AND 4:30, MONDAY THROUGH FRIDAY, OR BY MAIL AT THE ABOVE ADDRESS.

WE HAVE AUTHORITY TO ACCEPT A LESSER AMOUNT IN FULL SETTLEMENT OF YOUR DEBT. CAREFUL CONSIDERATION WILL BE GIVEN TO AN OFFER OF ANY REASONABLE AMOUNT IN RELATION TO YOUR FINANCIAL STATUS. A COMPROMISE OFFER CANNOT BE EFFECTIVELY CONSIDERED UNLESS ACCOMPANIED BY A COMPLETED FINANCIAL STATUS REPORT. A FORM FOR THIS REPORT IS ENCLOSED ALONG WITH A SELF-ADDRESSED ENVELOPE.

IT WILL BE TO YOUR ADVANTAGE TO ARRANGE FOR PAYMENT IMMEDIATELY; OTHERWISE, IT MAY BE NECESSARY TO REFER YOUR CASE TO THE UNITED STATES ATTORNEY IN YOUR DISTRICT FOR FUTURE ACTION. THIS MAY RESULT IN COURT ACTION AND THE IMPAIRMENT OF YOUR CREDIT RECORD ALONG WITH THE ADDITION OF U.S. MARSHAL'S FEES, COURT COST AND INTEREST TO YOUR DEBT.

SINCERELY YOURS,

FINANCE OFFICER

ENCLOSURES:
VA FORM 4-5655
ENVELOPE

This letter will be used as the second followup for A/R's over $1,200.

Department of Veterans Benefits
Veterans Administration
Washington, D.C. 20420

DVB Circular 20-77-25
Change 11
May 11, 1982

CHAPTER 32 PROCESSING
FINANCE PROCEDURES

DVB Circular 20-77-25, appendix A, Revised, is changed as follows:

Pages 7 and 8, and 13 and 14: Remove these pages and substitute pages 7 and 8 and 13 and 14 attached. The new pages modify the instructions governing completion of VA Form 4-5317 which has been revised.

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900, plus (047C2), 33 copies
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC, 1 each; 201, 25 copies for Finance activity
EX: ASO and AR, 1 each

application will be reviewed to insure that it is properly completed and that the applicant's address is legible. The Finance Officer will verify the contents of the application by completing items 17, 18, and 20.

(4) Once the Finance Officer has complied with the instructions contained in subparagraph (3) above, the application will be routed to the Operations Section where a Target Master Record Inquiry (MINQ-M21 screen) will be made. The purpose of the inquiry is to determine whether the benefit record is active.

a. If the status of the record is active, refer the application to the Adjudication activity to verify enrollment through DLP.

b. If the status of the record is inactive, VA Form 4-5317 will be completed as described in subparagraph (5) below. (See exhibit B.)

(5) VA Form 4-5317 is an input code sheet which is used to transfer disenrollment refund information into the Chapter 32 Banking master record. It will be completed as follows (see also exhibit B):

BRANCH OF SVC.: This field will contain a code which designates the veteran's service branch or eligible civilian service. The following codes will be used:

A - ARMY
N - NAVY
M - MARINES
D - COAST GUARD
E - PUBLIC HEALTH SERVICE
F - AIR FORCE
I - NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

FILE NO.: This will always be the veteran's nine-digit social security number as shown on the DD Form 214. This number will also be used to verify the existence of a Banking master record in the veteran's name. The Target screen will always be accessed for this purpose as described in appendix H of this circular.

STUB NAME: Enter the veteran's stub name in this field as shown on the Target screen.

PAYEE NO./TRANS. CODE: These fields always contain the constants 00 and 96.

STATION NO.: Enter the last two digits of the station number in this field.

REASON CODE: This data segment contains fields 24 and 25. Field 24 will always contain a code "B"; field 25 will contain the letter reflecting the veteran's reason for disenrollment as shown in field 8 of the application. Should field 8 of the application be incomplete, enter "A" in field 25 of the code sheet.

DUTY STATUS: Until otherwise notified, always enter status "A" in this field.

BATCH NO.: This field will always be left blank.

ZIP CODE: Enter the veteran's ZIP code in this field.

NO. ADDRESS LINES: Complete this field only after the entire address segment has been completed. Then enter the number of address lines used.

FIRST ADDRESS LINE: Enter the veteran's name on this line as it should appear on the actual check. If the veteran's name is too long, go to the second address line. If the second address line is used for the veteran's name, be sure to indent one space on the second line. Note also that only alphabetical characters may be used on the first address line. Nonalphabetic characters on this line will cause the transaction to reject.

ADDRESS LINES 2 THROUGH 6: Use these lines to insert the applicant's mailing address. Do not place the veteran's ZIP code at the end of the address. The system will move the ZIP code in the "ZIP code" field to the end of the address automatically. The last data in the address field should be the proper two-letter State code. Lines 2 through 6 may contain numbers, alphabetic letters, and the symbols "-," "/," and "#." Other symbols such as commas and periods will cause the code sheet to reject.

REMARKS: The person completing the form will initial in this field.

APPROVED BY: The name of the Finance Officer who signed item 19 of the application form will be neatly printed in this field.

DATE: Enter the date that the form is completed.

(6) Once the VA Form 4-5317 has been completed, it will be stapled at the top center of the page over the first copy of the VA Form 4-5281. The completed set will be sent to the Hines DPC Finance activity addressed as follows:

VADPC (201/35B)
Lock Box 66303
AMF O'Hare, Illinois 60666

(7) A photocopy of the completed VA Form 4-5317 together with the original VA Form 4-5281 and the copy of the DD Form 214 will be stapled together, and will be retained in monthly batches by terminal digit.

(8) Code sheets that reject at Hines will be reviewed and corrected, if possible, at the Hines Finance activity. Rejects which cannot be resolved at Hines will be returned to the regional office for resolution and resubmission.

STATEMENT OF ACCOUNT FOR APR 04/30/79 ARMY 123456789

CHAPTER 32 (36X8133)

VETERANS EDUCATIONAL ASSISTANCE PROGRAM

U.S. VETERANS ADMINISTRATION

ARMY

| | BR | RO NO | FILE NUMBER | STUB NAME / NAME | M/R TYP | EOD | OBLIG SERV COMP | LAST ALLOTMNT MO REAS | MONTHS CONTRIB (TOTAL) | MOS ENT ORIGINAL /REMAIN | ORIGINAL CONTRIB PART/DOD | REMAIN CONTRIB PART/DOD | DISENROL REFUNDS PART/DOD | PROCEEDS (UNDISTR) AMT/DATES |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1/ | A A | 00 | 123456789 | JDDOE DOE,JOHN D. | T | 77/07/12 | 80/07/12 | 78/02 DS | | | | | 525.00 | |
| 2/ | A A | 00 | 246802489 | BTHORN HORN,BUDDY T. | I | 77/10/04 | 80/10/04 | 78/12 DS | 12.00000 | 12.00000 12.00000 | 600.00 | 600.00 | | 100.00 7804/7804 |
| 3/ | A A | 00 | 356894189 | RTSMITH SMITH,ROBERT T. | A | 77/11/10 | 80/11/10 | 79/04 | 14.00000 | 14.00000 14.00000 | 900.00 | 900.00 | | 100.00 7903/7904 |
| 4/ | A A | 00 | 387452289 | JGJONES JONES,JOHN G. | A | 77/09/09 | 80/09/09 | 79/04 | 8.00000 | 8.00000 8.00000 | 400.00 | 400.00 | | |
| 5/ | A A | 00 | 394R63289 | VDLIVIN LIVINGSTON,VELMA D. | I | 78/01/14 | 81/01/14 | 79/01 DS | 12.00000 | 12.00000 BENEFITS | 900.00 | BENEFITS | | |

1/ Participant John D. Doe, allotment stopped February 1978 due to his discharge. Member disenrolled and contributions of $525 refunded. No remaining entitlement.

2/ Participant Buddy T. Horn, allotment stopped December 1978 due to his discharge. Undistributed proceeds of $100 from April 1978 transaction pending corrective action by service department.

3/ Participant Robert T. Smith, last allotment received for current month. Undistributed proceeds for March and April 1979 transactions pending corrective action by service department.

4/ Participant John G. Jones, last allotment received for current month, active account.

5/ Participant Velma D. Livingston, discharged and receiving educational benefits.

Veterans Administration

## CHAPTER 32, DISENROLLMENT REFUND CODE SHEET

| BRANCH OF SVC. (1) | FILE NO. (2-10) | STUB NAME (11-17) | PAYEE NO. (18-19) | TRANS. CODE (20-21) | STATION NO. (22-23) | REASON CODE (24-25) | DUTY STATUS (26) | BATCH NO. (27-29) |
|---|---|---|---|---|---|---|---|---|
| A | 012345678 | JASMITH | 00 | 96 | 72 | BA | A | |

| ZIP CODE (30-34) | NO. ADDRESS LINE (35) |
|---|---|
| 01234 | 3 |

FIRST ADDRESS LINE (36-55)
JOHN A SMITH

SECOND ADDRESS LINE (56-75)
100 CAPITOL DRIVE

THIRD ADDRESS LINE (76-95)
WASHINGTON DC

FOURTH ADDRESS LINE (96-115)

FIFTH ADDRESS LINE (116-135)

SIXTH ADDRESS LINE (136-155)

REMARKS
DV

APPROVED BY SAMUEL DOLLAR

DATE 3/30/82

VA Form FEB 1982 4-5317

SUPERSEDES VA FORM 4-5317, MAY 1980, WHICH WILL NOT BE USED.

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Appendix J
May 11, 1982

CHAPTER 32 (VEAP)
SERVICE DEPARTMENT CONTACTS

1. Purpose. This circular provides service department contacts for the resolution of certain problems concerning chapter 32 (VEAP) contributions.

2. Background. Occasionally an applicant for chapter 32 benefits will have no contribution account on Target but will have evidence that he or she did make contributions to the program while in service. In such cases, the appropriate service department has the responsibility to determine the status of the applicant's contributions.

3. Problem Cases. The cases in which the contacts in paragraph 4 should be notified are those in which a lump sum contribution was accepted by the service department or an allotment was withheld and the contributions are not reflected on Target. The following requirements must be met before contact is made:

a. The applicant must present evidence. Mere allegation is not adequate.

b. The contributions in question must have been made more than 45 days before an inquiry is initiated. This provision ensures that enough time has elapsed for routine processing.

4. Service Department Contacts. The following points of contact will be notified when the requirements of paragraph 3 are met.

a. Army:

VEAP Program Manager
HQDA
DAPE-MPA-P
Washington, D. C. 20310

Phone: FTS 202-695-1463

b. Navy:

Dr. Frances Kelly (OP-114E)
Department of the Navy
Office of Chief Naval Operations
Arlington Annex
Washington, D. C. 20350

Phone: FTS 202-694-5934

c. Air Force: Mr. George E. Karasik
AF/MPPE
Headquarters, USAF
Pentagon, Rm. 4C228
Washington, D. C. 20330
Phone: FTS 202-695-3285

d. Marine Corps: Mr. Ron Tibbets
Marine Corps Finance Center (MA)
1500 Bannister Road
Kansas City, MO 64197

Phone: FTS 926-5282

5. Other Problem Cases

a. For problems dealing with contributions or service departments other than those mentioned above, contact the Payment Processing Unit at Hines DPC (FTS 387-6651).

b. For chapter 32 Target award processing problems, contact Central Office Education Service (FTS 389-2829). For chapter 32 Target refund and fiscal transaction processing problems, contact Central Office Finance Service (FTS 389-5216).

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Chief Benefits Director

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Appendix K
August 3, 1982

NONCONTRIBUTORY VEAP - EDUCATIONAL ASSISTANCE PILOT PROGRAM
(SEC. 903, PL 96-342)

1. Purpose. PL 96-342, the "Department of Defense Authorization Act, 1981," included two educational assistance incentive programs to encourage enlistments and reenlistments in the Armed Forces. This appendix provides an explanation of one of the programs, the Educational Assistance Pilot Program, generally referred to as Noncontributory VEAP, established under section 903 of PL 96-342.

2. Background. Noncontributory VEAP is a modification of the chapter 32 Post-Vietnam Era Veterans' Educational Assistance Program. This program differs from basic VEAP in that DOD (Department of Defense) will pay the participant's monthly contribution to chapter 32, and it allows certain participants to transfer their entitlement to a spouse or child.

a. PL 96-342 restricted participation to certain persons enlisting or reenlisting for service on active duty in the Army, Navy, Air Force or Marine Corps after September 30, 1980, and before October 1, 1981. The Secretary of Defense was given the authority to offer the benefits of this program as deemed appropriate to achieve the program's purpose.

b. The Army, Navy, Air Force and Marine Corps did not begin offering Noncontributory VEAP to original enlistment personnel until December 1, 1980. The Army, the only service branch offering the program as a reenlistment incentive, made the program available to reenlistment personnel on July 1, 1981. Approximately 6,500 original enlistees and 100 reenlistees were able to participate in Noncontributory VEAP.

3. Participant's Monthly Contributions Made by DOD

a. DOD will pay the monthly chapter 32 contribution of a serviceperson who meets the following criteria:

(1) Enlisted or reenlisted for service on active duty in the Army, Navy, Air Force or Marine Corps after November 30, 1980, and before October 1, 1981 (or contracted under a delayed enlistment agreement after November 30, 1980, and before October 1, 1981, and entered on active duty before October 1, 1982);

(2) Elects or has elected to participate in the chapter 32 program; and

(3) Is chosen for this program by the Secretary of Defense or designee.

b. DOD has specified that through the appropriate military service it will contribute to a participant's account $75 per month, which will be the participant's whole contribution for that month. DOD will not permit the participant to make any contributions on his/her own. Total

contributions by DOD for the participant are limited to the $2,700 maximum. DOD may not make a contribution under this program before the month in which the person enlisted or reenlisted, or prior to December 1980, whichever is later.

4. DOD Bonus Contribution ("Kicker"). DOD may make an additional contribution to the participant's account in the form of a bonus or "kicker." When made, the bonus is recorded separately from the regular monthly contributions made by DOD for the participant since the bonus would not be matched by the $2-for-$1 matching funds.

5. Availability of 903 Participation Data. VA will periodically receive information on Noncontributory VEAP participants from each service department. Current plans are to make the information available on Target M26, M27, M28, and M29 screens. Details will be provided at a later date.

6. Eligibility Determinations

a. Eligibility requirements for a Noncontributory VEAP participant are generally the same as those for a basic VEAP participant (as outlined in app. C, Revised) with the following exceptions:

(1) The participant enlisted or reenlisted for service on active duty in the Army, Navy, Air Force or Marine Corps after November 30, 1980, and before October 1, 1981 (or contracted under a delayed enlistment agreement after November 30, 1980, and before October 1, 1981, and entered on active duty before October 1, 1982);

(2) DOD made the participant's contributions for him or her; and

(3) The participant meets additional eligibility requirements established by his or her service department.

b. The service departments may establish additional requirements (such as entering certain military occupational specialties or serving specified periods of duty), which Noncontributory VEAP participants must satisfy to be eligible for benefits. Periodically, each service department will provide information on the current status of its "903" participants. Current plans are to provide this information on Target for use in making eligibility determinations. Details will be provided at a later date.

7. Refunds. If a participant disenrolls from the program or is disenrolled by his or her service department, all contributions made by DOD for the participant are refunded to DOD. A participant may not receive a refund of any contributions made by DOD.

8. Transfer of Entitlement

a. A participant in Noncontributory VEAP may be allowed to transfer his/her entitlement to a spouse or child if he/she

(1) Reenlisted in the Army after June 30, 1981, and before October 1, 1981,

(2) Possesses a critical military specialty as designated by the Secretary of Defense, and

(3) Is selected for this portion of the program by the Secretary of Defense or designee.

b. Entitlement may be transferred as follows:

(1) To a spouse or child of the participant.

(2) To one person at a time.

(3) If the participant is not already receiving educational assistance under section 903 for the same period.

c. The participant must state in writing to the VA his/her desire to transfer entitlement and the period of time he/she wishes the spouse or child to receive educational assistance allowance based on the transfer of entitlement. The regulations governing award beginning and ending dates for an eligible participant apply as well to the spouse or child to whom entitlement is transferred. Benefits cannot be awarded to a spouse or child for training completed outside the participant's delimiting period or after the participant's entitlement has expired. Benefits will not be paid for any training completed before or after the period specified by the participant.

d. The beginning date of an award of educational assistance allowance to a spouse or child will be the later of the following dates:

(1) The date of the spouse's or child's entrance or reentrance into training, as certified by the school.

(2) The first day of the period designated by the participant for the entitlement transfer.

e. The ending date of an award of educational assistance allowance to a spouse or child will generally be the earliest of the following dates.

(1) The ending date of the spouse's or child's course or enrollment period, as certified by the school.

(2) The last day of the period designated by the participant for the entitlement transfer.

(3) The date of death of the participant from whom entitlement was transferred.

f. The participant's entitlement will be reduced based upon payments to spouse or child in the same manner as if the participant himself/herself were receiving benefits.

3.

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9. Application for Benefits. VA Form 22-8821, Application for Educational Assistance (For Post-Vietnam Era Veterans - Under Chapter 32, Title 38, U.S.C.), is being amended to accommodate section 903 as well as basic VEAP. Further information will be provided at a later date.

10. Award Processing. Instructions on award processing will be issued at a later date.

11. Questions and Inquiries. Questions regarding Noncontributory VEAP should be referred to Central Office at FTS 389-2772.

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Chief Benefits Director

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Change 12
August 10, 1982

CHAPTER 32 (VEAP)
SERVICE DEPARTMENT CONTACTS

DVB Circular 20-77-25, appendix J, is changed as follows:

Page 1, paragraph 4, subparagraph b: Delete and insert

"b. Navy: Navy Finance Center
Code 4 - VEAP
1240 East 9th Street
Cleveland, Ohio 44199

Phone: FTS 293-5637"

Dorothy L. Starbuck

DOROTHY L. STARBUCK
Chief Benefits Director

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DVB Circular 20-77-25
Change 13
August 17, 1982

CHAPTER 32
ADJUDICATION PROCEDURES

1. The circular has been updated based upon legislation affecting chapter 32, the expansion of chapter 32 Target processing and changes in claims processing procedures. Major changes include the following:

a. Service requirements for basic eligibility to chapter 32 benefits have changed. The General Counsel has determined the minimum service requirement described in paragraph 5a(4) of appendix C is applicable to veterans only. Active duty servicepersons are excluded from this requirement.

b. PL 97-66, "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," amended the 24-month requirement to generally apply to all veterans (officers and enlisted persons) whose entry into active duty occurred after October 16, 1981.

c. PL 97-35, "Omnibus Budget Reconciliation Act," basically prohibited new enrollments in flight training after September 30, 1981, and education loans for loan periods beginning after September 30, 1981. (See DVB Circular 22-81-10.)

d. Chapter 32 refund requests now require Adjudication action when Finance activity receives a refund application from a participant who has an active benefit record.

e. When chapter 32 benefits are awarded (via Target or hardcopy) to a participant who has a proposed DOD contribution (as reflected on the M26 and M28 screens), Adjudication activity must immediately call the Hines PPU (Payment Processing Unit) at FTS 387-6651. The PPU will initiate action that changes the DOD contribution from a proposed status to an original contribution status.

f. Effective January 1, 1982, funding for the matching (2 for 1) portion for chapter 32 payees was transferred from VA to DOD. References to "VA matching funds" and "VA portion" have been changed to "Government matching funds" and "Government portion." Until necessary changes can be made, Target screens will continue to show "VA portion."

g. Outreach procedures for chapter 32 payees who also may be eligible for chapter 31 vocational rehabilitation have been deleted.

h. Instructions have been amended for notifying an applicant of a disallowed claim when basic eligibility does not exist and the applicant has contributions in the chapter 32 fund.

DVB Circular 20-77-25
Change 13

August 17, 1982

2. DVB Circular 20-77-25, appendix C, Revised, is changed as follows:

Page ii, paragraph 20: Delete "EDUCATION LOANS" and insert "REFUND PROCEDURES REQUIRING ADJUDICATION ACTION".

Pages 1 through 8: Remove these pages and substitute pages 1 through 8 attached.

Page 10, paragraph 11b, line 3: Delete "VA" and insert "Government".

Pages 11 through 14: Remove these pages and substitute pages 11 through 14 attached.

Page 16, paragraph 18c(5), line 2: Delete "VA" and insert "Government matching (2 for 1)".

Page 17, paragraph 18d, line 2: Delete "(per app. I of this circular)". (DVB Circular 20-77-25, app. I, has been rescinded.)

Page 19, paragraph 18f, line 1: Following "awards" insert "which cannot be processed on Target".

Pages 29 through 34: Remove these pages and substitute pages 29 through 34 attached.

NOTE: Brackets have not been used to identify new or revised material.

3. RESCISSIONS: Appendix B, dated October 3, 1978; and changes 4 and 10 to DVB Circular 20-77-25.

DOROTHY L. STARBUCK
Chief Benefits Director

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Appendix C, Revised
Change 13
August 17, 1982

CHAPTER 32
ADJUDICATION PROCEDURES

1. Purpose. This appendix provides detailed instructions for manually processing claims under chapter 32, title 38, United States Code.

2. General. Most chapter 32 actions can be processed on Target. Chapter 32 actions which cannot be processed on Target (as listed in DVB Circular 22-82-1, par. 5) must be processed manually. The Adjudication Division is responsible for determining eligibility and preparing award and disallowance code sheets. The regional office will forward the award documents to the PPU (Payment Processing Unit) at the DPC (Data Processing Center) in Hines, Illinois. The PPU is responsible for computing amounts payable. The PPU will issue payments, generate letters, issue and process certifications, create accounts receivable, and make refunds.

3. Applications and Other Forms

a. VA Form 22-8821, Application for Educational Assistance (For Post-Vietnam Era Veterans - Under Chapter 32, Title 38, U.S.C.), is to be used for all chapter 32 programs.

(1) VA Form 22-8821 will be used by both veterans and servicepersons to apply for chapter 32 benefits.

(2) VA Form 22-8821 does not include an enrollment certification as part of the form. A separate VA Form 22-1999, Enrollment Certification, is required. Schools should be encouraged to submit the application and the enrollment certification together as a package enrollment. (NOTE: The computer-generated VA Form 22-1990V, Notice of Eligibility, Application and Enrollment Certification, is not issued to veterans with an EOD date after December 31, 1976. VA Form 22-1990a, Servicepersons' Application for Educational Benefits, also is not appropriate for chapter 32 claimants.)

b. VA Form 4-5281, Application for Refund of Educational Contributions, should be used by participants wishing to request a refund of the money they have contributed to the program. (See app. A, Revised, of this circular.)

c. VA Form 22-1993a, Certificate of Eligibility, contains two paragraphs for chapter 32 claimants. This form will be used if an application is received without an enrollment certification.

(1) One paragraph is for a post-Vietnam era veteran and shows the months and dollar amount of entitlement (see par. 11 of this app.) and delimiting date.

(2) The other paragraph is for a post-Vietnam era inservice person and shows the months and dollar amount of entitlement (see par. 11 of this app.) at the time entitlement is computed.

d. Current VA forms will be used as needed. Those which do not show chapter 32 will be clearly annotated "CHAPTER 32." The following is a sample listing only and is not all-inclusive.

(1) All authorization forms (with the exception of OCR documents) including the following (see par. 18):

VA Form 22-1992, Authorization for Certificate of Eligibility or Disallowance

VA Form 22-1997, Education Award

VA Form 21-8046, Payment Notice (Stop-Suspend-Resume)

VA Form 20-6566, Change of Name and Address Notice

(2) VA Form 22-1995, Request for Change of Program or Place of Training.

(3) VA Form 22-1999, Enrollment Certification.

(4) VA Forms 22-1999b and 22-1999b-1, Notice of Change in Student Status - Institutional Courses Only.

(5) All counseling forms including:

VA Form 28-1902k, Counseling Record - Educational and Vocational Counseling Results (Chapter 32, 34 or 35)

VA Form 22-1944, Eligibility, Entitlement and Counseling Information

VA Form 22-8837, Counseling Control (instead of VA Form 22-1945)

NOTE: See paragraph 14 on counseling.

(6) Certification forms:

VA Form 22-6553, Verification of Pursuit of Course Leading to a Standard College Degree

VA Form 22-6553a, Quarterly Certification of Attendance for Courses Not Leading to a Standard College Degree and Farm Cooperative Courses

VA Form 22-6553b, Certification of Lessons Completed

VA Form 22-6553c, Monthly Certification of Flight Training

VA Form 22-1999v, Certification of Delivery of Advance Payment and Enrollment (For chapter 32 a white-background card that is otherwise identical to the yellow card is used.)

e. The following forms are not for use under chapter 32:

(1) All work-study forms including VA Form 20-8691, Veterans Application for Work-Study Allowance.

(2) VA Form 22-1990, Veteran's Application for Educational Benefits.

(3) VA Form 22-1990a, Serviceperson's Application for Educational Benefits.

(4) VA Form 22-1990t, Application and Enrollment Certification for Individualized Tutorial Assistance.

(5) VA Form 21-441, Special Apportionment Decision (since no additional allowance is payable for dependents under chapter 32, no apportionment is authorized).

(6) VA Form 22-8821p, Application for Predischarge Education Program (PREP). (Since the PREP program has been eliminated, these forms should be destroyed.)

f. The following form letters will be issued as appropriate. This is a sample listing only and is not all-inclusive:

| | | |
|---|---|---|
| FL 22-89 | FL 22-315 | FL 22-897 |
| FL 22-153 | FL 22-337 | FL 22-899 |
| FL 22-310 | FL 22-890 | FL 22-899a |

g. The following form letters are not for use under chapter 32:

FL 22-879
FL 22-893
FL 22-902

h. VA Pamphlet 22-79-1, Summary of Educational Benefits Under the Post-Vietnam Era Veterans Educational Assistance Program, VEAP, provides information on chapter 32 benefits.

i. FL 22-905 is the chapter 32 VADS letter (see app. F of this circular).

4. Routing of Chapter 32 Incoming Mail

a. Incoming mail will be processed under current procedures including routing to the DTU (Data Terminal Unit) or Adjudication activity as appropriate for file number assignment in BIRLS (Beneficiary Identification Records Locator Subsystem) and establishment of a claims folder.

b. A claimant with a master record in the Chapter 32 Banking System will also have a master index record in BIRLS. A BIRLS message will show the legend "CHAPTER 32 ACTIVITY INDICATED" if the individual has ever made contributions.

c. Inquiry concerning chapter 32 contribution amounts can be made through Target Master Inquiry (MINQ). (See app. H of this circular.)

d. A claims folder will not be established, nor will a file number be assigned through BIRLS, for cases involving only a request for refund (VA Form 4-5281).

5. Determining Eligibility

a. Veteran. Basic eligibility for educational benefits under chapter 32 for a veteran is based upon the following conditions (see fig. 1):

(1) The veteran entered on active duty after December 31, 1976.

(2) The veteran is ineligible for chapter 34 educational assistance (based upon a prior period(s) of active duty or a delayed enlistment agreement).

(3) The veteran must have served for a continuous period of 181 days or more (exclusive of deductible time per M22-2, pt. II, ch. 3). Travel time is included as creditable service and will be requested if active duty is shown as 176 to 180 days. If the veteran served less than 181 days, he or she must have been released or discharged because of a service-connected disability (see VAR 1315(C)).

(4) If the veteran was an enlistee who originally enlisted after September 7, 1980, or was an officer or enlistee who entered on active duty after October 16, 1981, he/she must have completed either 24 continuous months of active duty (exclusive of deductible time) or the full period for which he/she was called or ordered to active duty, whichever is less. The October 16, 1981 date applies to reenlistees. This requirement does not apply to a veteran who:

(a) Was discharged or released from active duty under 10 U.S.C.1171 (early-out discharge), 10 U.S.C. 1173 (hardship discharge), or for disability incurred in or aggravated in line of duty; or

(b) Has a compensable service-connected disability; or



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(c) Entered on active duty after October 16, 1981, and who had previously completed a continuous period of active duty of at least 24 months or who had been discharged or released from such period under 10 U.S.C. 1171 (early-out discharge).

(5) The veteran was released or discharged from active duty under conditions other than dishonorable.

(6) The veteran contributed money to the chapter 32 fund while in service and has money available for benefits. Verify contributions made by the participant through Target Master Inquiry (MINQ). See appendix H of this circular.

(7) Active duty service as a commissioned officer of the PHS (Public Health Service) or NOAA (National Oceanic and Atmospheric Administration) is qualifying service under chapter 32.

(8) For an elementary or secondary education program, the veteran must have been an enlisted person. Those programs are not available based on service as an officer.

b. Serviceperscn - Other Than Elementary or Secondary Education Program. Basic eligibility for educational benefits under chapter 32, other than for an elementary or secondary education program, for a serviceperson is based upon the following conditions (see fig. 2):

(1) The person entered on active duty after December 31, 1976.

(2) The person is ineligible for chapter 34 educational assistance (based upon a prior period(s) of active duty or a delayed enlistment agreement).

(3) The person must have served for a continuous period of 181 days or more, (exclusive of deductible time per M22-2, pt. II, ch. 3).

(4) The person has completed either:

(a) His or her first obligated period of active duty, or

(b) Six years of active duty, whichever period is less.

(5) The person has contributed money to the chapter 32 fund and has at least 3 months of contributions available for benefits.

(6) Active duty service as a commissioned officer in PHS or NOAA is qualifying service under chapter 32. PHS officers serving on active duty for indefinite periods are considered to have a 2-year obligated period for eligibility purposes. Please review item 11H on VA Form 22-8821 to insure "yes" is checked regarding period of service.

c. Serviceperson - Elementary or Secondary Education Program. Under chapter 32, an elementary or secondary education program is available to enlisted persons only. (See DVB Circular 22-80-39, app. D, for claims processing instructions.) Basic eligibility for such a program is based upon the following conditions (see fig. 2):

(1) The enlisted member entered on active duty after December 31, 1976.

(2) The enlisted member is ineligible for chapter 34 educational assistance (based upon a prior period(s) of active duty or a delayed enlistment agreement).

(3) The enlisted member must have served for a continuous period of 181 days or more (exclusive of deductible time per M22-2, pt. II, ch. 3).

(4) The enlisted member is in the last 6 months of his or her first enlistment or has completed his/her first enlistment.

(5) The enlisted member has contributed money to the chapter 32 fund and has at least 1 month of contributions available.

6. Character of Discharge. An "honorable," "general" or "under honorable conditions" discharge meets the eligibility requirements of paragraph 5a(5), unless there is a bar to benefits under 38 U.S.C. 3103(a).

a. Determination. A character of discharge determination is required to determine whether an "other than honorable" discharge was granted under conditions other than dishonorable. Current procedures governing such determinations are applicable under chapter 32 (see M21-1, pars. 14.01 and 14.02). If a disallowance is required, see paragraph 17 of this appendix.

b. Conditional Discharge. If it is determined that the last discharge or release was under dishonorable conditions for Veterans Administration purposes, but the veteran had received an earlier conditional discharge, consideration will be given to whether the veteran satisfactorily completed an obligated period of service (38 U.S.C. 101(18)).

(1) If it is determined that the veteran satisfactorily completed an obligated period of service, entitlement will be credited to the veteran based on contributions made during that period.

DETERMINING ELIGIBILITY FOR A VETERAN
(See par. 5a)

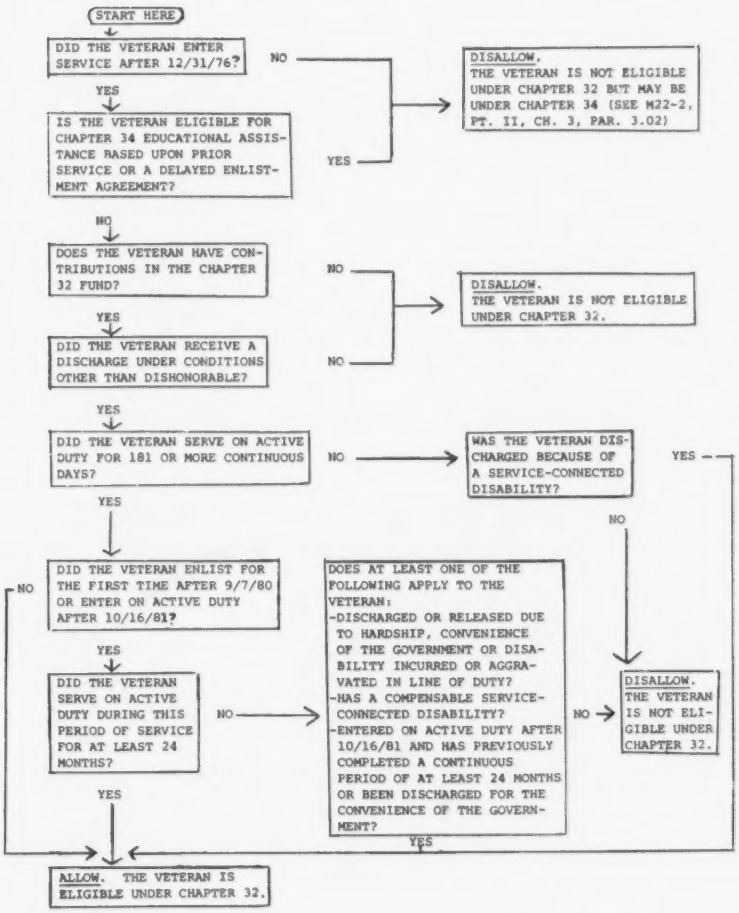
START HERE
DID THE VETERAN ENTER SERVICE AFTER 12/31/76?
NO
YES
DISALLOW. THE VETERAN IS NOT ELIGIBLE UNDER CHAPTER 32 BUT MAY BE UNDER CHAPTER 34 (SEE M22-2, PT. II, CH. 3, PAR. 3.02)
IS THE VETERAN ELIGIBLE FOR CHAPTER 34 EDUCATIONAL ASSISTANCE BASED UPON PRIOR SERVICE OR A DELAYED ENLISTMENT AGREEMENT?
YES
NO
DOES THE VETERAN HAVE CONTRIBUTIONS IN THE CHAPTER 32 FUND?
NO
DISALLOW. THE VETERAN IS NOT ELIGIBLE UNDER CHAPTER 32.
YES
DID THE VETERAN RECEIVE A DISCHARGE UNDER CONDITIONS OTHER THAN DISHONORABLE?
NO
YES
DID THE VETERAN SERVE ON ACTIVE DUTY FOR 181 OR MORE CONTINUOUS DAYS?
NO
WAS THE VETERAN DISCHARGED BECAUSE OF A SERVICE-CONNECTED DISABILITY?
YES
NO
YES
DID THE VETERAN ENLIST FOR THE FIRST TIME AFTER 9/7/80 OR ENTER ON ACTIVE DUTY AFTER 10/16/81?
NO
YES
DID THE VETERAN SERVE ON ACTIVE DUTY DURING THIS PERIOD OF SERVICE FOR AT LEAST 24 MONTHS?
NO
DOES AT LEAST ONE OF THE FOLLOWING APPLY TO THE VETERAN:
-DISCHARGED OR RELEASED DUE TO HARDSHIP, CONVENIENCE OF THE GOVERNMENT OR DISABILITY INCURRED OR AGGRAVATED IN LINE OF DUTY?
-HAS A COMPENSABLE SERVICE-CONNECTED DISABILITY?
-ENTERED ON ACTIVE DUTY AFTER 10/16/81 AND HAS PREVIOUSLY COMPLETED A CONTINUOUS PERIOD OF AT LEAST 24 MONTHS OR BEEN DISCHARGED FOR THE CONVENIENCE OF THE GOVERNMENT?
NO
DISALLOW. THE VETERAN IS NOT ELIGIBLE UNDER CHAPTER 32.
YES
YES
ALLOW. THE VETERAN IS ELIGIBLE UNDER CHAPTER 32.

Figure 1

DVB Circular 20-77-25
Appendix C, Revised
Change 13

August 17, 1982

DETERMINING ELIGIBILITY FOR A SERVICEPERSON
(See par. 5b and c)

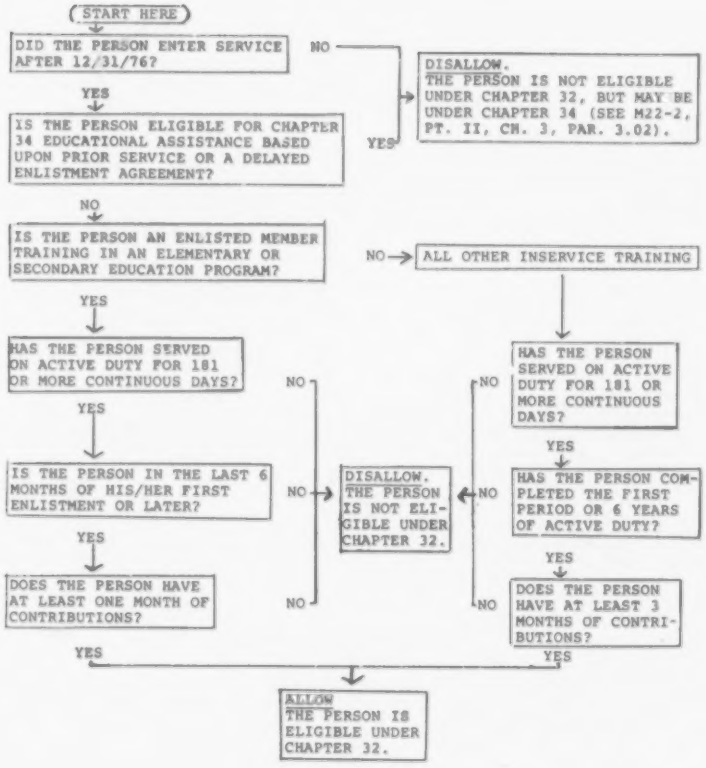
START HERE
DID THE PERSON ENTER SERVICE AFTER 12/31/76?
NO
DISALLOW. THE PERSON IS NOT ELIGIBLE UNDER CHAPTER 32, BUT MAY BE UNDER CHAPTER 34 (SEE M22-2, PT. II, CH. 3, PAR. 3.02).
YES
IS THE PERSON ELIGIBLE FOR CHAPTER 34 EDUCATIONAL ASSISTANCE BASED UPON PRIOR SERVICE OR A DELAYED ENLISTMENT AGREEMENT?
NO
IS THE PERSON AN ENLISTED MEMBER TRAINING IN AN ELEMENTARY OR SECONDARY EDUCATION PROGRAM?
NO
ALL OTHER INSERVICE TRAINING
YES
HAS THE PERSON SERVED ON ACTIVE DUTY FOR 181 OR MORE CONTINUOUS DAYS?
NO
YES
IS THE PERSON IN THE LAST 6 MONTHS OF HIS/HER FIRST ENLISTMENT OR LATER?
NO
YES
DOES THE PERSON HAVE AT LEAST ONE MONTH OF CONTRIBUTIONS?
NO
DISALLOW. THE PERSON IS NOT ELIGIBLE UNDER CHAPTER 32.
NO
HAS THE PERSON SERVED ON ACTIVE DUTY FOR 181 OR MORE CONTINUOUS DAYS?
YES
HAS THE PERSON COMPLETED THE FIRST PERIOD OR 6 YEARS OF ACTIVE DUTY?
NO
YES
DOES THE PERSON HAVE AT LEAST 3 MONTHS OF CONTRIBUTIONS?
NO
YES
YES
ALLOW THE PERSON IS ELIGIBLE UNDER CHAPTER 32.

Figure 2

8.

EXAMPLE: A participant contributes $50 per month for 12 months giving a total of $600 in participant contributions. DOD contributes a $200 "kicker."

| | | | |
|---|---|---|---|
| Months of entitlement | = | 12 | |
| Dollars of entitlement | = | $600 | (participant contributions) |
| | | $1,200 | (Government matching funds) |
| | | + $200 | (DOD contribution ("kicker")) |
| | | $2,000 | |

NOTE: Check the chapter 32 Target Master Inquiry (MINQ) screens to obtain the number of months of contributions and the amount of money contributed (see app. H of this circular). If there is a proposed DOD contribution, call the Hines PPU immediately at FTS 387-6651. The PPU will initiate action that changes the proposed DOD contribution to an original DOD contribution.

12. Computing Monthly Rates and Benefit Payments. The PPU is responsible for computing monthly rates and benefit payments. The Adjudication activity will show "COMPUT" as the monthly rate on all award actions. Exhibit A contains the formulas which are used in these computations. These formulas are shown FOR INFORMATION PURPOSES ONLY.

13. Charging Entitlement. The amount of entitlement used (in both months and dollars) is charged based on exact benefits paid.

a. Months Entitlement Used. The elapsed-time calculation on a quarter-month basis (as in chapter 34) does not accurately reflect entitlement used under chapter 32. The entitlement factor (see exhibit A) reflects the entitlement used. Table II in exhibit A is used to convert the entitlement factor to months and days for information purposes only, primarily when communicating with the participant.

b. Dollar Entitlement Used. The amount of benefits paid is the dollar amount of entitlement used.

14. Counseling. The VR&C (Vocational Rehabilitation and Counseling) Division will provide counseling upon request to applicants eligible for chapter 32 benefits. When counseling is requested, Adjudication Division will prepare a VA Form 22-1944, Eligibility, Entitlement and Counseling Information (see M22-2, pt. II, ch. 5, par. 5.07) and will refer the form with the claims folder to the VR&C Division after the chapter 32 authorization action has been completed.

15. Programs of Education. Under chapter 32, programs of education are essentially the same as those programs under chapter 34, with the following exceptions and/or variations.

a. The following programs are not approved for training under chapter 32:

(1) Apprenticeship programs;

(2) Other on-the-job training programs;

(3) Cooperative courses;

(4) Farm cooperative programs; and

(5) Flight training. (No new flight enrollments are permitted after September 30, 1981. See DVB Circular 22-81-10.)

b. The following benefits are not authorized under chapter 32:

(1) Work-study allowance;

(2) Tutorial assistance;

(3) The 6-month refresher training provided under VAR 14230(c)(2) because of technological advances; and

(4) Education loan.

c. The following secondary level courses are charged full entitlement under chapter 32:

(1) Deficiency courses;

(2) Remedial courses; and

(3) Refresher courses.

d. Correspondence and flight training under chapter 32 are reimbursed at a rate of 100 percent of the established charges.

e. Elementary and secondary education programs are available to current and former enlisted persons only. Officers may not receive chapter 32 benefits for these types of courses. (See DVB Cir. 22-80-39, app. D, for claims processing instructions.)

16. Course Approvals. Courses offered for training under chapter 32 are approved in accordance with current provisions as defined in chapter 36, title 38, U.S.C. Courses currently approved for training under chapter 34 are considered approved for training under chapter 32 with the exception of those listed in paragraph 15a.

17. Disallowances

a. If basic eligibility does not exist (e.g., no or insufficient qualifying service, character of discharge is a bar, no chapter 32 contributions), the adjudicator or education clerk will prepare a VA Form 22-1992, Authorization for Certificate of Eligibility or Disallowance. This form is for record purposes only and is NOT FOR INPUT. The VA Form 22-1992 will be prepared as for chapter 34 with the following exceptions (see fig. 3):

(1) Transaction Code (item 1): The transaction code will be crossed out.

(2) Application for Input (item 3): The application is not for input.

(3) Type of Claim (item 6): Codes 2 and 6 are used for chapter 32.

(4) Name and Address of Applicant (item 7A): Enter the applicant's name and address. Below the address, enter the legend "FOR RECORD PURPOSES - CHAPTER 32."

(5) Items 14 and 15: Enter the legend "DO NOT INPUT" across these blocks.

(6) Reasons for Disallowance (item 24): When there is qualifying military service, but the applicant does not have contributions in the chapter 32 fund, reason code "97" should be checked. Other reason codes should be used as appropriate.

b. If basic eligibility exists, but the claim must be disallowed for other reasons (e.g., program not approved, claimant already qualified for objective), a VA Form 22-1992 will be prepared for record purposes only (i.e., NOT FOR INPUT) as above. A dictated letter or form letter will be sent to the applicant fully explaining the reason that the claim is not approved. If a program of instruction or training is not approved, two additional copies of the disallowance letter (FL 22-153, FL 22-89, or a dictated letter) will be prepared. One copy will be sent to the liaison representative and the other to the SAA (State approving agency) having jurisdiction.

c. When notifying the applicant, the reason for the disallowance and the applicant's appellate rights must be fully explained. If a denial is made because basic eligibility does not exist and the applicant has contributions in the chapter 32 fund, send the applicant a dictated letter (with VA Form 4-5281) advising of the following:

(1) If, the applicant does not wish to appeal, he/she should request a refund of the contributions by completing VA Form 4-5281. A request for refund does not prevent a later appeal or in any other way abridge the applicant's appellate rights.

(2) If the applicant wishes to appeal, he/she may either request a refund of the contributions or leave the contributions in the chapter 32 account until a final decision on the appeal is reached. If the applicant initiates a valid appeal and requests a refund, and the appeal is later granted, full contributions must be restored to the chapter 32 account before any benefits are payable.

18. Awards

a. General. Chapter 32 awards which cannot be processed on Target must be processed outside of the system. Award documents will be sent for manual processing to the PPU. To ensure award actions are processed out of the system, award forms will be clearly marked "DO NOT INPUT - CHAPTER 32."

NOTE: Instructions for processing chapter 32 awards via Target are provided in DVB Circular 22-82-1, appendix A.

b. Payment Processing Unit. The PPU is a unit in the Finance Division at the DPC in Hines, Illinois, that performs the following manual functions:

(1) Computes monthly rates;

(2) Computes benefit payment amounts;

(3) Issues payment vouchers to Treasury in order to release checks;

(4) Calculates accounts receivable;

(5) Maintains all payment records;

(6) Releases award letters, overpayment notices, delinquent certification letters, etc.;

(7) Releases certification letters and Certification of Delivery cards; and

(8) Processes certification data received from regional offices.

August 17, 1982

DVB Circular 20-77-25
Appendix C, Revised
Change 13

TRANSMITTAL COVER SHEET

VETERANS ADMINISTRATION

**REFERENCE SLIP**

| TO (Name or title—Mail routing symbol) | INITIALS—DATE |
|---|---|
| 1 Director (201/35B/PPU) | |
| 2 VA Data Processing Center | |
| 3 Lock Box 66303 | |
| 4 AMF O'Hare, IL 60666 | |
| 5 | |

REASON FOR REFERENCE

| | | |
|---|---|---|
| ☐ AS REQUESTED | ☐ FOR YOUR FILES | ☐ NOTE AND RETURN |
| ☐ COMMENTS | ☐ INFORMATION | ☐ PER CONVERSATION |
| ☐ CONCURRENCE | ☐ NECESSARY ACTION | ☐ SIGNATURE |

REMARKS

SUBJ: Transmittal of Ch. 32 Benefit Payment Documents For Manual Processing

TRANSMITTAL NO.:_____

_____ 1. VA Forms 22-1997

_____ 2. VA Forms 22-1992

_____ 3. VA Forms 21-8046

_____ 4. VA Forms 20-6566

_____ 5. Certifications (VAF 22-1999V, 22-6553 series or cert. letter )

_____ 6. Other (specify):

| FROM | DATE |
|---|---|
| Sending station name, address with correspondence symbol and ZIP Code (FTS telephone contact) → | MM-DD-YY<br>TEL. EXT.<br>X-XXX-XXXX |

VA FORM AUG 1978 3230 EXISTING STOCKS OF VA FORM 3230, OCT 1968, WILL BE USED ★U.S. GPO: 1979—290-573/701

Figure 11

(c) Advise the veteran of the disposition of his or her contributions in the chapter 32 fund (see par. 17c).

(2) If eligibility exists, VA Form 3230 will be prepared in duplicate to reflect veteran status. The original will be forwarded to the PPU at Hines and the copy filed for record in the folder. The VA Form 3230 will include a notice of change to veteran status with the following information:

(a) RAD;

(b) Type of claim "2";

(c) Entitlement code "51";

(d) Delimiting date.

b. Change From Veteran To Inservice Status

(1) Upon receipt of a notice that a veteran has returned to active duty, VA Form 3230 will be prepared in duplicate to reflect inservice status. The original will be forwarded to the PPU at Hines and the copy filed for record in the folder. The VA Form 3230 will include a notice of change to inservice status with the following information:

(a) Latest EOD and CEOD;

(b) RAD as "On Duty";

(c) Type of claim "6";

(d) Entitlement code "55";

(e) Delimiting date as "On Duty."

(2) If the veteran remains in school after returning to active duty, a VA Form 22-8821 must be completed by the claimant with the certification by the commanding officer and the education services officer.

NOTE: No adjustment in benefits is necessary because of the change to inservice status.

20. Refund Procedures Requiring Adjudication Action. Regional office Finance personnel process chapter 32 refund requests (VA Form 4-5281, Application for Refund of Educational Contributions). When Finance activity receives a refund application from a participant who has an active benefit record, Finance will refer the refund application to Adjudication with a notation that the benefit record is active.

a. Adjudication will suspend the award, establish a pending 220 end product with a 30-day suspense, and send the claimant a letter containing the following information:

(1) Based upon receipt of the request for refund of remaining contributions, his/her award of chapter 32 educational assistance has been suspended.

(2) Within 30 days he/she should furnish last date of attendance or training, date last lesson was submitted, or, if still attending, furnish the date educational assistance should be terminated. The educational assistance award will be adjusted accordingly, and the refund request will be processed.

(3) If no reply is received within 30 days, educational assistance will be terminated effective date of last payment, and the refund request will be processed.

b. Upon receipt of the claimant's reply, an amended award or stop will be prepared, if in order. If no reply is received within 30 days from the claimant, no award action is necessary since the refund transaction will terminate the award date of last payment.

c. The claimant's school will be contacted to obtain certification of any uncertified period.

d. After the above actions are completed, the refund application (with notation of action taken) and certification data will be returned to Finance activity for processing. The refund transaction will refund remaining participant contributions.

21. Payment Inquiries. All payment inquiries will be handled under current procedures. However, note that the Target inquiry screens are not updated when benefit payments are made manually (i.e., outside the Target system), but that the message "CHAPTER 32 BENEFITS HAVE BEEN PAID" displays at the bottom of the M26 and M27 screens (see app. H of this circular). If necessary to answer an inquiry, regional office personnel may direct pertinent questions through their Finance Officer to the PPU (FTS 387-6651).

22. RESCISSIONS: [Appendix B dated October 3, 1978]; appendix C, dated October 10, 1978; appendix E, dated May 17, 1979; and changes [4,] 5, 6 and erratum dated April 29, 1980, and [10] to DVB Circular 20-77-25.

Dorothy L. Starbuck

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC, 1 each
EX: ASO and AR, 1 each

DVB Circular 20-77-25
Appendix C, Revised
Exhibit A
Change 13

August 17, 1982

COMPUTING MONTHLY RATES AND BENEFIT PAYMENTS

1. General

a. Although the PPU is responsible for computing monthly rates and benefit payments on individual cases, the following formulas are being shown for general information purposes. The Adjudication activity will show "COMPUT" as the monthly rate on all IHL and NCD award actions. Publishing the formulas should be useful in demonstrating the difference in payments between the chapter 32 and chapter 34 programs. They are shown FOR INFORMATION PURPOSES ONLY.

b. This difference exists because of the complexity of the chapter 32 program and the need to take the following requirements into consideration:

(1) Each payment must be separated into three parts (Government, participant and DOD). The ratio between the Government and participant portions must be maintained at 2-to-1.

(2) Those cases in which a serviceperson, who is contributing to the fund while receiving benefits, changes the amount of his or her contributions must be provided for because the amounts are subject to change from month to month.

2. Payment Formulas

a. Full-Time Monthly Rate. To compute the full-time monthly rate, the following steps are taken:

(1) Divide the participant's remaining contributions by the remaining months of entitlement. The quotient is the participant portion.

(2) Multiply the participant portion by two. The result is the Government portion.

(3) Divide the remaining DOD contributions ("kicker") by the remaining months of entitlement. The quotient is the DOD portion.

(4) Add the participant, Government and DOD portions to obtain the full-time monthly rate.

b. Benefit Payment - IHL and NCD. To compute a benefit payment for a given period for IHL and NCD training, the following steps are taken:

(1) Determine the entitlement factor by use of Table I.

(2) Multiply the participant's remaining contributions by the entitlement factor, and divide the result by the remaining months of entitlement. The quotient is the participant portion.

(3) Multiply the participant portion by two. The result is the Government portion.

(4) Multiply the remaining DOD contributions ("kicker") by the entitlement factor, and divide the result by the remaining months of entitlement. The quotient is the DOD portion.

(5) Add the participant, Government and DOD portions.

(6) The amount of the benefit payment is the lesser of

(a) The sum obtained in subparagraph (5) above, or

(b) The dollar amount of entitlement remaining.

c. Benefit Payment - Correspondence and Flight. To compute a benefit payment for flight and correspondence training, the following steps are taken:

(1) Determine the entitlement factor as follows:

(a) Compute the full-time monthly rate in accordance with the steps in subparagraph a above.

(b) Divide the amount certified (correspondence or flight charges) by the full-time monthly rate. The quotient (carried out five places and rounded) is the entitlement factor.

(2) Multiply the participant's remaining contributions by the entitlement factor, and divide the result by the remaining months of entitlement. Round upward to the next higher cent. The quotient is the participant portion.

(3) Multiply the participant portion by two. The result is the Government portion.

(4) Multiply the remaining DOD contributions ("kicker") by the entitlement factor, and divide the result by the remaining months of entitlement. Round upward to the next higher cent. The quotient is the DOD portion.

(5) Add the participant, Government and DOD portions.

(6) The amount of the benefit payment is the lesser of

(a) The sum obtained in subparagraph (5) above, or

(b) The dollar amount of entitlement remaining.

NOTE: The amount paid for correspondence and flight training may exceed the charges certified by a few cents. This is to allow an exact Government-to-participant portion ratio of 2-to-1.

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

25 NOV 1983

Honorable G. V. Montgomery
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The enclosed report provides Calendar Year 1982 data on the Veterans' Educational Assistance Program (VEAP). The report is forwarded for your information and use as required by Title 38, United States Code, Section 1642.

Sincerely,

Lawrence J. Korb
Assistant Secretary of Defense
(Manpower, Reserve Affairs & Logistics)

Enclosure

(143)

30-636 O - 84 - 11

A REPORT TO THE

HOUSE AND SENATE

COMMITTEES ON VETERANS' AFFAIRS

# SIXTH ANNUAL REPORT TO THE CONGRESS ON THE POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE PROGRAM

Office of the Assistant Secretary of Defense
(Manpower, Reserve Affairs, and Logistics)

November 1983

## PREFACE

On October 15, 1976, the Post-Vietnam Era Veterans' Educational Assistance Act of 1977 was enacted under Title IV of Public Law 94-502. The Act terminated eligibility for the GI Bill (Chapter 34 of Title 38, United States Code) for individuals entering active duty after December 31, 1976, and established the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) under Chapter 32 of Title 38, United States Code.

Servicemembers who are eligible for benefits under VEAP may voluntarily contribute from $25 to $100 per month toward their post-service education fund. After completion of the initial tour of obligated service or six years in the active forces (whichever is less), the federal government matches the servicemember's contribution on a two-for-one basis if the individual enrolls in an approved educational program. The maximum contribution by servicemembers is $2,700 which, matched with $5,400 of government funds, provides a total of $8,100 for the Veteran's educational expenses.

The Secretary of Defense is authorized to provide additional VEAP benefits ("kickers") as a recruiting or retention incentive. During 1979 the Department of Defense tested enhanced VEAP incentives ("kickers") in the Army and the Navy. A revised and expanded test of the VEAP "kicker" was implemented in FY 81. Results of this test program have been transmitted to Congress in the Final Report on the Educational Assistance Test Program, March 1982.

The Veterans Administration and the Department of Defense share responsibility for the management of VEAP. Eligibility for participation in VEAP is extended to active duty personnel in the U.S. Coast Guard, the U.S. Public Health Service, the National Oceanic and Atmospheric Administration and Military Personnel in the Department of Defense.

This report responds to the requirements specified in Title 38, United States Code, Section 1642, that a report be submitted annually to the Committees on Veterans' Affairs of the Senate and the House of Representatives.

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## INTRODUCTION

Educational incentives for members of the Armed Forces have taken various forms in recent years: a GI Bill, in-service tuition assistance programs, the Veterans' Educational Assistance Program (VEAP), and the FY 81 Educational Assistance Test Program. A variety of other incentives have been proposed in the last few years.

This sixth Department of Defense report on the Veterans' Educational Assistance Program contains the Calendar Year 1982 VEAP participation rates and 1977-1982 VEAP cumulative participation rates by each Service in areas described by education level, sex, marital status, race, and AFQT category. Tables are included describing the VEAP discontinuances and continuation rates for original VEAP enrollees by period of original enrollment and by Service.

During the last quarter of 1980, and during 1981, several changes to the VEAP program were enacted. These changes affected VEAP participation in 1981 and some of the changes continue to affect the program.

A. Under the Educational Assistance Test Program, enacted by P.L. 96-342, the Army was permitted to expand its additional incentives form kickers of $2,000, $4,000, and $6,000 for 2-, 3-, and 4-year enlistments to kickers of $8,000 for 2-year enlistments and $12,000 for 3- and 4-year enlistments. Under P.L. 96-342, these increased kickers (called "Ultra-VEAP"), were available only in 18% of the country. When the test program ended, the Army sought and obtained authorization to offer Ultra-VEAP nationwide to high-quality enlistees into critical skills. None of the other Services are authorized to offer these enhanced incentives.

B. As an additional incentive to high-quality active and reserve enlistees, the test program mandated a loan repayment program in which National Direct Student Loans, federally insured student loans, and Guaranteed Student Loans incurred by enlistees before entering on duty could be repaid in yearly increments as the enlistees discharged their service obligation. Authority to extend this program until October 1983 was given to the Services by Congress in December 1981. Although loan repayment is undoubtedly an incentive to enlistment in the Armed Services, it is not strictly speaking a form of educational assistance for servicemembers or veterans. Since it is not, we do not address participation in that program in this report.

C. P.L. 96-466 made significant changes in the operation of the VEAP program. This law authorized individual servicemembers to make lump-sum contributions to VEAP, so long as the total contribution does not exceed the $2,700 maximum. Also, P.L. 96-466 provided that individual contributions could be made within a range of $25-$100, instead of the range between $50-$75 that had originally been established for VEAP in P.L. 94-502. 1981 and 1982 allotment data confirm that allotments are most often made in multiples of $25: all Services report that 75% or more of contributions are made in those amounts.

D. In May 1981, the VEAP program was extended indefinitely, as provided for in P.L. 94-502. At that point, funding responsibility for the program shifted from the Veterans' Administration to the Department of Defense although

responsibility for program administration still rest with the VA. Although the Department of Defense now funds the VEAP program for active-duty personnel in the U.S. Coast Guard, the U.S. Public Health Service, and the National Oceanic and Atmospheric Administration, this report provides data on 1982 VEAP participation only among the enlisted population of the Armed Forces.

## VEAP Participation Tables

The Department of Defense has compiled statistics on enlisted servicemembers who have enrolled in the Veterans' Educational Assistance Program. Officers have not been included in the analysis because of the relatively small number of them who participate in the VEAP. For the purposes of this report, cumulative participation tables include all enlisted personnel who have enrolled in VEAP since the inception of the program. Participants identified in the tables as 1977, 1978, 1979, 1980, 1981 or 1982 enrolled in VEAP for the first time during the indicated calendar year.

The following table represents the cumulative VEAP participation rates for enlisted personnel by military service. Persons entering military service on or after January 1, 1977, have the right to enroll in VEAP at any time during their service on active duty. The cumulative participation rates reflect the percentage of individuals who signed up for VEAP before or during each fiscal year, compared to the number of individuals who were eligible to enroll in VEAP between January 1, 1977, and the end of each fiscal year. For example, the Army's 27.3 percent cumulative participation rate for 1978 means that of all individuals eligible to enroll in VEAP during 1977 and 1978, 27.3 percent chose to enroll in VEAP.

The Services' cumulative participation rates have risen over the duration of VEAP eligibility. Army, Navy, and Marine Corps data indicate that 25-35 percent of each Service's enlisted force utimately will participater in VEAP. In the Air Force, participation rates are much lower than in the other Services. The reason for the different Air Force experience is not known, except that Air Force counsels their four-year enlistees not to enroll in VEAP until after they have completed one year of service. Marine Corps participation has increased dramatically over the years of the program, as a more concerted effort has been made to ensure that recruits are briefed on VEAP once they arrive at their permanent duty stations.

Table 1

Cumulative VEAP Participation Rates for Enlisted Personnel by Military Service and Total DoD (Percent)

| Military Service | Enlisted Personnel Cumulative VEAP Participation Rates | | | | | |
|---|---|---|---|---|---|---|
| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
| Army | 20.4 | 27.3 | 30.2 | 27.6 | 30.5 | 34.7 |
| Navy | 19.9 | 26.1 | 27.7 | 28.0 | 27.9 | 27.9 |
| Marine Corps | 7.9 | 11.0 | 18.5 | 26.7 | 33.1 | 37.1 |
| Air Force | 1.0 | 4.5 | 7.3 | 8.5 | 8.5 | 8.4 |
| Total DoD | 15.2 | 20.2 | 23.3 | 23.5 | 25.4 | 27.7 |

Demographic Characteristics

VEAP enlisted participation rates have been computed for the Services and total Department of Defense according to sex, racial/ethnic group, education, AFQT category, and marital status. Participation rates for the selected deomographic characteristics are presented for 1982 accessions and for total eligible accessions (1977-1982).

Sex

Table 2 shows the enlisted VEAP participation rates by sex. In all the Services women are cumultively participating at higher rates than men.

Table 2

Enlisted VEAP Participation Rates
by Sex and Military Service for 1982 Accessions
and Total Eligible Accessions
(1977 through 1982)

| | Army | | Navy | | Marine Corps | | Air Force | | Total DoD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 |
| Male | 55.3 | 33.5 | 25.4 | 27.6 | 55.8 | 36.3 | 8.1 | 8.3 | 37.4 | 27.2 |
| Female | 70.1 | 42.9 | 49.5 | 38.3 | 76.7 | 50.3 | 12.1 | 9.5 | 51.0 | 30.9 |
| TOTAL | 57.1 | 34.7 | 27.8 | 27.9 | 56.9 | 37.1 | 8.6 | 8.4 | 38.9 | 27.7 |

Racial/Ethnic Group

Table 3 shows the enlisted VEAP participation rates by racial/ethnic group. As in the past, minorities are generally over-represented among VEAP participants and the white/nonSpanish group rates are generally below the respective total participation rates in all Services with the exception of blacks in the Air Force. Participation rates of ethnic groups are more nearly equal in the Navy, although overall participation is lower in the Navy than in the Army, Marine Corps, or total DoD.

Table 3

Enlisted VEAP Participation Rates by Racial/Ethnic Group and Military Service for 1982 Accessions and Total Eligible Accessions (1977 through 1982) (Percent)

| Racial/ Ethnic Group | Army | | Navy | | Marine Corps | | Air Force | | Total DoD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 |
| White/Non Spanish | 54.9 | 32.6 | 26.2 | 26.3 | 54.0 | 36.3 | 8.6 | 8.6 | 36.2 | 25.5 |
| White/ Spanish | 73.4 | 46.1 | 34.8 | 36.7 | 67.4 | 43.3 | 11.7 | 12.0 | 52.2 | 38.4 |
| Black | 59.2 | 36.3 | 33.1 | 33.6 | 65.8 | 38.9 | 7.4 | 6.7 | 45.8 | 32.0 |
| Other | 69.8 | 48.6 | 36.4 | 45.3 | 64.7 | 39.6 | 15.4 | 14.1 | 50.2 | 38.1 |
| Total | 57.1 | 34.7 | 27.8 | 28.1 | 56.9 | 37.1 | 8.6 | 8.4 | 38.9 | 27.7 |

Education

Enlisted VEAP participation rates by educational attainment at the time of enlistment is shown in Table 4. The data show that individuals with some college but no degree participate in VEAP more than the other categories presented. Enlisted accessions without a high school diploma or GED participate at rates slightly higher than those who enlist who are high school graduates for the first time in FY82. The Navy is the only Service where this does not occur.

Table 4

Enlisted VEAP Participation Rates
by Education and Military Service for 1982 Accessions
and Total Eligible Accessions
(1977 through 1982)
(Percent)

| | Army | | Navy | | Marine Corps | | Air Force | | Total DoD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1977 | | 1977 | | 1977 | | 1977 | | 1977 | |
| Education | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 |
| Less Than High School Graduate | 68.8 | 24.0 | 23.1 | 24.8 | 58.3 | 27.4 | 16.6 | 2.7 | 49.3 | 22.3 |
| High School Diploma Graduate or GED | 56.8 | 38.3 | 27.5 | 27.9 | 56.6 | 39.9 | 8.7 | 8.5 | 38.5 | 28.4 |
| Some College (No Degree) | 70.0 | 51.1 | 37.8 | 32.6 | 58.5 | 45.5 | 8.7 | 11.3 | 44.3 | 36.2 |
| College Graduate or Post-Graduate | 54.9 | 34.5 | 29.0 | 28.5 | 59.7 | 44.0 | 4.7 | 7.9 | 30.9 | 21.8 |
| TOTAL | 57.1 | 34.7 | 27.8 | 27.9 | 56.9 | 37.4 | 8.6 | 8.4 | 38.9 | 27.7 |

AFQT Category

Table 5 shows the enlisted VEAP participation rates by AFQT category. The Armed Forces Qualification Test (AFQT) category, or aptitude, is determined from the combined scores of four subsets (word knowledge, arithmetic reasoning, paragraph comprehension, and numerical operation) on the Armed Services Vocational Aptitude Battery, or ASVAB.* (see asterisk next page) These scores are used to classify applicants into one of five categories. Those in Categories I and II are above-average in aptitude; those in the Category III range are average. Category IV applicants are below average but acceptable; and Category V applicants are not eligible to join the Services.

Category I applicants have the highest participation rates in all the Services in 1982 except for the Air Force. But, at the same time, Category IV applicants participate in the program to a great degree. It should be pointed out that only Category I-IIIa applicants (i.e., those who score at the 50th percentile or above) are eligible for the VEAP "kickers" and, especially in the Army Ultra-VEAP program, their participation rates reflect this additional incentive.

Table 5

Enlisted VEAP Participation Rates
by AFQT Category and Military Service for 1982 Accessions
and Total Eligible Accessions
(1977 through 1982
(Percent)

| AFQT | Army | | Navy | | Marine Corps | | Air Force | | Total DoD | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 |
| I | 71.0 | 48.6 | 32.2 | 30.5 | 66.4 | 44.1 | 5.5 | 14.4 | 44.3 | 32.9 |
| II | 65.2 | 44.3 | 29.1 | 28.6 | 58.2 | 41.3 | 9.6 | 9.9 | 40.5 | 29.4 |
| IIIa | 58.1 | 34.6 | 26.5 | 27.2 | 55.7 | 34.9 | 8.3 | 7.5 | 38.1 | 25.6 |
| IIIb | 49.4 | 28.1 | 23.6 | 27.0 | 53.5 | 32.8 | 6.8 | 5.9 | 34.7 | 25.3 |
| IV | 48.2 | 35.8 | 28.7 | 24.1 | 63.6 | 45.3 | 7.4 | 6.0 | 41.5 | 32.9 |
| TOTAL | 57.1 | 34.7 | 27.8 | 27.9 | 56.9 | 37.1 | 8.6 | 8.4 | 38.9 | 27.7 |

*The versions of ASVAB in use from January 1976-September 1980 were miscalibrated to previous forms of the Department's enlistment tests. This error resulted in inflated test scores for low-scoring enlistees who entered Service during that period. The new test conversion tables which corrected the calibration problem and were developed in July 1980 are incorporated in Table 5.

Marital Status

Table 6 presents the enlisted VEAP participation rates by marital status. Single enlisted personnel continue to participate in the VEAP at rates well above the married enlisted personnel rates.

Table 6

Enlisted VEAP Participation Rates
by Marital Status and Military Service for 1982 Accessions
and Total Eligible Accessions
(1977 through 1982)
(Percent)

| Marital | Army | | Navy | | Marine Corps | | Air Force | | Total DoD | |
|---|---|---|---|---|---|---|---|---|---|---|
| Status | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 | 1982 | 1977 1982 |
| Single | 59.4 | 36.3 | 28.6 | 28.7 | 57.7 | 37.6 | 9.2 | 8.9 | 40.2 | 28.8 |
| Married | 41.2 | 22.3 | 15.7 | 12.7 | 37.2 | 22.6 | 4.0 | 4.9 | 26.9 | 16.1 |
| TOTAL | 57.1 | 34.7 | 27.8 | 27.9 | 37.1 | 8.6 | 8.4 | 8.4 | 38.9 | 27.7 |

VEAP Suspensions and Disenrollments

Table 7 shows data on the enlisted VEAP discontinuances and continuation rates for original VEAP enrollees. The data are grouped to show the continuation patterns for those who enrolled in VEAP in three month segments since the beginning of the program.

Table 7
Enlisted VEAP Discontinuances and Continuation Rates
for Original VEAP Enrollees
by Period of Original Enrollment
(As of December 1982)

| PERIOD OF ORIGINAL ENROLLMENT | ORIGINIAL ENROLLEES (NUMBERS) | DISCONTINUANCES | | ORIGINAL ENROLLEES STILL MAKING CONTRIBUTIONS | | VOLUNTARY CONTINUATION RATEc (PERCENT) |
|---|---|---|---|---|---|---|
| | | SEPARATEDa | REMAINED ON ACTIVE DUTYb | NUMBER | PERCENT | |
| 1977 | | | | | | |
| Jan-Mar | 2,809 | 2,760 | 23 | 26 | 0.9 | 53.1 |
| Apr-Jun | 8,386 | 8,189 | 130 | 67 | 0.8 | 34.0 |
| Jul-Sep | 14,277 | 13,678 | 419 | 180 | 1.3 | 30.1 |
| Oct-Dec | 14,631 | 13,887 | 524 | 220 | 1.5 | 29.6 |
| TOTAL | 40,103 | 38.514 | 1,096 | 493 | 1.2 | 31.0 |
| 1978 | | | | | | |
| Jan-Mar | 14,526 | 13,708 | 527 | 291 | 2.0 | 35.6 |
| Apr-Jun | 13,807 | 13,057 | 411 | 339 | 2.5 | 45.2 |
| Jul-Sep | 22,589 | 21,037 | 967 | 585 | 2.6 | 37.7 |
| Oct-Dec | 20,450 | 18,840 | 974 | 636 | 3.1 | 39.5 |
| TOTAL | 71,372 | 66,642 | 2,879 | 1,851 | 2.6 | 39.1 |
| 1979 | | | | | | |
| Jan-Mar | 18,310 | 16,904 | 671 | 735 | 4.0 | 52.3 |
| Apr-Jun | 17,957 | 15,502 | 1,118 | 1,337 | 7.4 | 54.5 |
| Jul-Sep | 28,892 | 20,582 | 3,461 | 4,849 | 16.8 | 58.4 |
| Oct-Dec | 24,389 | 16,635 | 2,773 | 4,981 | 20.4 | 64.2 |
| TOTAL | 89,548 | 69,623 | 8,023 | 11,902 | 13.3 | 59.7 |
| 1980 | | | | | | |
| Jan-Mar | 23,591 | 16,591 | 923 | 6,077 | 25.8 | 86.8 |
| Apr-Jun | 23,130 | 13,595 | 1,149 | 8,386 | 36.3 | 87.9 |
| Jul-Sep | 32,510 | 12,030 | 5,761 | 14,719 | 45.3 | 71.9 |
| Oct-Dec | 28,840 | 8,893 | 3,920 | 16,027 | 55.6 | 80.3 |
| TOTAL | 108,071 | 51,109 | 11,753 | 45,209 | 41.8 | 79.4 |
| 1981 | | | | | | |
| Jan-Mar | 24,487 | 7,985 | 1,616 | 14,886 | 60.8 | 90.2 |
| Apr-Jun | 22,413 | 6,782 | 1,015 | 14,616 | 65.2 | 93.5 |
| Jul-Sep | 29,277 | 6,033 | 654 | 22,590 | 77.2 | 97.2 |
| Oct-Dec | 29,539 | 5,517 | 181 | 23,841 | 80.7 | 99.2 |
| TOTAL | 105,716 | 26,317 | 3,466 | 75,933 | 71.8 | 95.6 |
| 1982 | | | | | | |
| Jan-Mar | 26,672 | 3,397 | 2,209 | 21,066 | 79.0 | 90.5 |
| Apr-Jun | 23,658 | 2,301 | 1,385 | 19,972 | 84.4 | 93.5 |
| Jul-Sep | 35,040 | 2,106 | 784 | 32,150 | 91.8 | 97.6 |
| Oct-Dec | 34,753 | 1,007 | 304 | 33,442 | 96.2 | 99.1 |
| TOTAL | 120,123 | 8,811 | 4,682 | 106,630 | 88.8 | 95.8 |
| TOTAL | 534,933 | 261,016 | 31,899 8 | 242,018 | 45.2 | 88.4 |

Footnotes from page 10.

(a) Also includes those who were absent without leave and deceased. Individuals who have stopped contributing and are no longer on active duty are termed "involuntary discontinuances."

(b) Includes all individuals who ever discontinued active participation (disenrollment or suspension of contributions) and were still on active duty as of December 1982. These persons are termed "voluntary discontinuances." Note that data on enrollments and discontinuances do not include those who reenroll in VEAP.

(c) Voluntary continuation rate is the percentage of original enrollees (still on active duty) who have remained active participants as of December 1982, computed as follows:

$$\frac{\text{Number of Original Enrollees Still Making Contributions}}{\text{Number of Original Enrollees Still in Service (i.e., Original Enrollees Minus Separated Discontinuances)}} \times 100.$$

Table 8 shows the enlisted VEAP discontinuances and continuation rates for original VEAP enrollees by Service. This table shows that the continuation rates for all Services very close and that Army and Navy have improved since 1981.

Table 8

1977-1982 Enlisted VEAP Discontinuances and Continuation Rates for Original VEAP Enrollees by Service

| SERVICE | ORIGINAL ENROLLEES (NUMBER) | DISCONTINUES SEPERATED | DISCONTINUES REMAINED ON ACTIVE DUTY | ORIGINAL ENROLLEES STILL MAKING CONTRIBUTIONS NUMBER | ORIGINAL ENROLLEES STILL MAKING CONTRIBUTIONS PERCENT | VOLUNTARY CONTINUATION RATE (PERCENT) |
|---|---|---|---|---|---|---|
| ARMY | 294,777 | 156,671 | 16,164 | 121,942 | 41.4 | 88.3 |
| NAVY | 122,127 | 54,848 | 9,402 | 57,877 | 47.4 | 86.0 |
| MARINES | 84,196 | 30,070 | 4,505 | 49,621 | 58.9 | 91.7 |
| AIR FORCE | 33,833 | 19,427 | 1,828 | 12,578 | 37.2 | 87.3 |
| DOD | 534,933 | 261,016 | 31,899 | 242,018 | 45.2 | 88.4 |

Conclusion

The general trends by Service exhibited in past data remain basically the same except in the Marine Corps where participation rates have increased. Air Force rates remain relatively low compared to those of the other Services.

Participation rates still indicate that the VEAP is attractive to all in the Army, Navy and Marine Corps. Overall, VEAP participation rates include approximately 25% of the eligible DoD population. In general, VEAP participation rates have increased every year the program has been in effect.

The Army is quite satisfied with its Ultra-VEAP program as a recruitment tool. Called "The Army College Fund" in Army advertising, the Ultra-VEAP program of $8,000 additional educational benefits for a 3- or 4-year tour has proven quite successful in attracting high-quality enlistments (high school-diploma graduates with an AFQT score of 50 or better--category IIIa and above).

Table 9

Number of Army Enlistees Who Signed Up For Ultra VEAP in 1982 By Length of Enlistment

| Length of Obligation | No. of Participating Army Enlistees |
|---|---|
| 2 years | 5,995 |
| 3 years | 8,987 |
| 4 years | 13,266 |
| TOTAL | 28,298 |

In 1981, 43,877 of Army VEAP enrollees were in AFQT categories IIIa and above. Therefore, the Ultra-VEAP enrollees enumerated above represent 64.4 percent of all the enrollees in AFQT categories IIIa and up.

The Army Ultra-VEAP program grew out of the Department of Defense Educational Assistance Test Program, which determined that allowing the Army to offer greater educational benefits did not reduce enlistments in the other Services but rather expanded the total enlistment market. The Test Program also discovered, in contrast, that offering uniform benefits to all Services, even if the benefits are enhanced above the Basic VEAP level can reduce high-quality enlistments in the Army.

The Test Program also showed that a targeted program, in which more generous benefits are offered only to selected personnel, can improve manning in critical skills. Such a program, as preliminary Army Ultra-VEAP analysis shows, also has the effect of increasing the total number of high-quality enlistees.